

PUBLIC ACCOUNTS COMMITTEE (1977-78)

(SIXTH LOK SABHA)

NINTH REPORT

FOREST DEPARTMENT, ANDAMAN

**MINISTRY OF AGRICULTURE AND IRRIGATION
(DEPARTMENT OF AGRICULTURE)**

**[Paragraph 50 of the Report of the Comptroller &
Auditor General of India for the year 1973-74, Union
Government (Civil)]**



PRESENTED IN LOK SABHA ON 29 NOV 1977

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***PART II**

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21st December, 1976 and 12th September, 1977.**

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

PUBLIC ACCOUNTS COMMITTEE (1977-78)

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19. Shri Piare Lall Kureel *urf* Piare Lall Talib

*Ceased to be a Member of the Committee on his appointment as Minister of State
w.e.f. 14-8-1977.

(vi)

20. Shri S. A. Khaja Mohideen
21. Shri Bezawada Papireddi
22. Shri Zawar Hussain

SECRETARIAT

Shri B. K. Mukerjee—*Joint Secretary*

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninth Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraph 50 of the Report of the Comptroller and Auditor General of India, for the year 1973-74, Union Government (Civil) relating to the Ministry of Agriculture and Irrigation (Department of Agriculture) on Forest Department, Andaman.

2. The Report of the Comptroller and Auditor General of India for the year 1973-74, Union Government (Civil) was laid on the Table of the House on the 30 April, 1975. The Public Accounts Committee (1975-76) examined the paragraph relating to the Forest Department, Andaman at their sittings held on 22, 23 and 24 December, 1975.

3. This Report is based on the evidence taken by the Public Accounts Committee (1975-76) and further information furnished by the Ministries of Agriculture and Irrigation (Department of Agriculture), Home Affairs, Shipping and Transport and Tourism and Civil Aviation. The Committee have also been benefited by the 'Yojana' Special No. 15—15 August, 1976, on Andaman & Nicobar brought out by the Government of India.

4. The Public Accounts Committee (1976-77) considered and finalised this Report at their sitting held on 21 December, 1976 but it could not be presented due to dissolution of Lok Sabha on 18 January, 1977. The Report was considered and adopted by the Public Accounts Committee (1977-78) at their sitting held on 12 September, 1977. The Minutes of the sittings of the Committee form Part II* of the Report.

5. A statement containing conclusions/recommendations of the Committee is appended to the Report (Appendix III). For facility of reference these have been printed in thick type in the body of the Report.

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

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6. The Committee place on record their appreciation of the commendable work done by the Public Accounts Committee (1975-76) in taking evidence and obtaining information and the Public Accounts Committee (1976-77) in considering and finalising this Report.

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

8. The Committee would also like to express their thanks to the officers of the Ministries of Agriculture and Irrigation (Department of Agriculture), Home Affairs, Shipping & Transport (Transport Wing), Finance, Law, Planning Commission and Anthropological Survey of India for the cooperation extended by them in giving information to the Committee.

■

NEW DELHI;
September 30, 1977.

Asvina 8, 1899 (Saka)

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

REPORT

CHAPTER I

INTRODUCTION

An understanding even of the forest operations in the Andamans, to which the audit paragraph refers, requires at least a rapid review of the picture that prevails in the entire island region and of the changes now at work after nearly three decades of independence. This chapter is, therefore, by way of an introduction which seeks to place the issues under examination in a perspective that stresses not only their intrinsic importance but also their extraordinary human interest.

1.2. The Andaman & Nicobar Islands constitute for many reasons a unique element in the Union of States which is the Republic of India. On account, no doubt of the objective situation, our country has had, through the centuries, the historic mission, as it were, of striving, in every sphere of life, for unity in the midst of diversity. Not an intolerant and aggressive crushing out of differences, but adaptation, assimilation, integration has been the quest of our history. Thus, the truly indigenous population in diverse parts of India as well as many other incoming strands have met and found themselves absorbed on our soil. There have, of course, been clashes from time to time but while not entirely coalescing, very different elements, have continued to co-exist, and have never had to face the extermination to which aboriginal peoples elsewhere, as in America and Australia, have generally been doomed by the impact of Western colonial domination.

1.3. In the Andaman island chain, there still survive some of the oldest races of the human family, pushed by colonial rule to very near extinction, but in the philosophy of the free Indian polity entitled to full protection and the privileges of our country's citizenship. Whatever is done or not done in a region like the Andamans is thus of basic significance. The very fact of this region as a Union Territory of our Republic implies a challenge and a summons to principled conduct on the part of the administration and also, it may be added, of Parliament which represents the entirety of our people in their rich and fascinating variety.

1.4. Some of the islands in the Andaman and Nicobar conglomeration are not only the remotest from the mainland but mark also the southernmost point on the map of India. Not Kanyakumari, as usually thought, but Pygmalion Point marks our southernmost limit. These islands form our bridge, as it were, to southeast Asia, perhaps once upon a time some kind of a communication link when Indians sailed across the seas to what has been designated 'Greater India' in history books—Java, Bali, Sumatra, and the region described in geography treatises as Indo-China.

1.5. Inhabited very sparsely by people still very much in the state of nature, the islands must, long ago, have attracted the interest, and even more the cupidity, of sophisticated members of our species, because of the strategic and other advantages they offered for whoever could control them. This—to cut the story short—must have been the reason why the British rulers thought with their usual craftiness how they could exploit the islands not only as a penal settlement for those who were refractory and whose backbone needed to be crushed, but also as, potentially, an area of incalculable strategic and economic value. This is, however, to anticipate things, and at this point, perhaps, a short historical survey will be helpful.

A. Historical Survey

1.6. Known, howsoever vaguely, from earliest times on account of their position athwart the trade routes from India to the Far East, the islands are mentioned by, among others, the Buddhist monk I-tsing (AD-672), Arab travellers of the 9th Century like Abu Zaid Hasan and Sulaiman, the intrepid Marco Polo (1286), Friar Odoric (1322), the Venetian Nicolo Conti (1430) and Cesare Federici (1569). One cannot be too sure of the derivation of the name 'Andaman'. The Greek astronomer Ptolemy's celebrated 'Geography' (2nd Century A.D.), mentions 'Agathou Daimonos Nesos' (Good Spirit Island), perhaps a variation of 'Agdaman', being the group of islands described by Ptolemy after mentioning Trans-Gangetic India islands "where people go naked and are cannibals". This legend of cannibalism in the Andamans lasted till the British settlement when the myth was dispelled. It has been suggested that Marco Polo's designation 'Angamanain' is derived from arabic and connotes "the two Andamans". I-tsing, the itinerant monk from China, used the word 'Andaman' which presumably refers to what we know as 'Andaman', and "the country of the naked people" mentioned by him might signify the Nicobar islands. Nicolo Conti suggests that the name of the region meant 'Island of Gold'. It may be also that the name is derived from the Malay 'Handuman', a synonym for the 'Hanuman' of ancient Indian lore.

1.7. It is significant that the first clear reference to the Nicobar islands is found in the great Tanjore inscription of 1060 A.D. From Tanjore, seat of the mighty Chola Empire, there went out in those days large naval expeditions which form an exciting chapter in the history of ancient India's contact with countries abroad. The inscription mentions 'Nakkavaram', meaning perhaps 'the land of the naked', as in I'tsing's chronicle. This name appears to have been taken up by other medieval chroniclers, and variations of it are found in the later works of Portuguese, Dutch, Danish and Swedish mariners, thus reinforcing proof of its being the origin of the nomenclature 'Nicobar'.

The later travellers' tales repeat the story of the ferocious hostility of the indigenous population to all strangers whom they deemed, with good reason, to be their enemies. With their long strategic vision, however, the British had their eye on the region very early, and in September 1789, Captain Archibald Blair set up, under orders of the English East India Company in Bengal, a penal colony in the south-east bay of the Great Andaman and named it Port Cornwallis (later designated Port Blair). A naval arsenal was sought to be built in the north-east of Great Andaman, but the plan floundered. In 1844 two British troopships were driven ashore and all the stragglers were killed. A project was then formed in 1855 to set up a settlement and a convict establishment, but it was interrupted by the great Indian Revolt of 1857 (long miscalled the 'Sepoy Mutiny') which threatened for a time the very existence of British power in India. After the revolt was broken, the large numbers of prisoners in British hands apparently needed to be taught a very special lesson and many were transported across the 'black waters' to a region that was strange and forbidding in spite of the beauty of its natural scenery. These prisoners paid a very high price in sickness and mortality as they provided the slave labour for swamp reclamation and jungle clearance. It was no wonder when in exasperation, a Muslim convict killed the Viceroy, Lord Minto who had visited Port Blair (Feb. 1872).

1.8. The Nicobar islands came, for some reason, to attract Christian missioneries, among whom the pioneers, who belonged to the Jesuit Order, lived for years in the region during the 16th and 17th centuries, without, however, making much headway. In 1659, the Danes came into the picture and set up headquarters in Camorta island. Their efforts at proselytisation were not very successful either. In the early 19th century, Italian and French Jesuits began their activities but again without much success. The Danes thus

thought it more discreet to wind up work in a faraway and inhospitable region, and by 1869, gave over whatever authority they had to the British who, with their surging imperial ambitions, stepped into their shoes.

1.9. During British rule the Andaman & Nicobar Islands came under the direct control of the Government of India. They were occupied by the Japanese during World War II in March 1942. For a while later in 1944, Japan made a gesture of handing them over to Netaji Subhas Chandra Bose, a gesture which turned out to be entirely hypocritical because the Japanese militarists ringed round the offer with irritating restrictions. Even so, it is notable that the flag of Indian freedom flew first in the Andamans. As the war neared its end, however, the islands were reoccupied by British Indian forces in October 1945. It was only with the transfer of power on 15 August, 1947, that the flag of independent India was firmly hoisted there—a historical fact of symbolic significance, since the Andamans as a penal settlement where so many of our freedom fighters have suffered and died, have come to be looked upon by our people as a place hallowed by the blood of our martyrs. There, in the notorious Cellular Jail, have lived many of the numberless unsung heroes of the 1857-58 revolt, the first war, as Savarkar termed it, of Indian independence. It was there that a vindictive alien administration exiled many of our finest patriots and subjected them to atrocities. It was there that so many revolutionary terrorists, who by their stark courage, gave us back the pride we had lost in our manhood, were incarcerated. It was there that heroic struggles took place in almost impossible conditions—hunger-strikes, often unto death, and other demonstrations of defiance. It was in the fitness of things, indeed, that Netaji Subhas Chandra Bose hoisted the free Indian tricolour for the first time (29 December 1943) on the Andamans' consecrated ground.

1.10. A powerful movement against continuance of the penal settlement had begun in India during the mid-twenties, and the British Government yielded (1945) when, as a matter of fact, there was no other alternative. The considerable Indian population of the Andamans is largely on account of the penal settlement having been there. In the 1950's the islands were further populated with displaced persons from (the then) East Pakistan, evacuees from Burma and Indian emigrants from (the then British) Guyana. They share life in the islands today with the 500 or so Negrito people (not to be confused with Negro or Negroid belonging to the Old Stone Age

phase of man's history. These indigenous tribes still remain in their age-old isolation, except in rare instances, in the Nicobar especially, where they are struggling to find their feet on the stage of modern life. Inevitably, in such conditions, problems of peculiar complexity have to be faced and it is the task of Indian statesmanship to find the most feasible and rightful solutions.

B. The Land

1.11. The Andaman and Nicobar Islands comprises two separate groups of islands. They lie North South between 6" and 14" of North latitude and 92° to 94° East longitude and form the most isolated part of the Indian Union. The Islands lie in a long and narrow broken chain as part of a continuous ridge from Cape Negrais in Burma through the Preparis and Coco islands to the Andamans and continue further south to the Nicobars and Sumatra. The dreaded 10° channel which is 90 miles wide and 400 fathoms deep separates the Andamans and Nicobars from each other. The two regions—the Andaman Group and the Nicobar Group are quite distinct in many ways. The Andamans are wholly hilly and mountainous, heavily covered with dense forests "from the water's edge to the crests of the hills". The Nicobars on the other hand include some coastal stretches of flat lands and fresh water is plenty relative to other islands.

1.12. The larger islands in the Andaman group are the 'North Andamans', 'Interview' 'Middle Andaman', 'Baratang', 'Havelock' 'South Andaman', 'Rutland', and 'Little Andaman'—all of them being separated from each other by shallow seas. Besides these, there are large and small islands making up a total of 447 islands and rock formations, many of them very small in size, of which only 17 are inhabited. The Nicobar group comprises 120 islands and rocks of which 12 are inhabited. The more important of these are 'Car Nicobar', 'Teressa', 'Camorta', 'Nancowrie', 'Katchal', 'Little Nicobar' and 'Great Nicobar' which is 91 miles from Sumatra (Indonesia). The total area of the two groups of these Islands is 8,293 sq. Kms. Port Blair, the headquarters of the territory is 1,255 Km. from Calcutta and 1,191 Km. from Madras, the two ports through which the Islands maintain communication with the mainland.

1.13. The climate of the Islands can be generally described as tropical. The Islands are frequently disturbed by tropical storms and cyclones. The weather is always warm and sultry but tempered to some extent by pleasant sea breezes. Humidity is high during

most of the year. Extremes of winter and summer as also frost are unknown. The weather is smooth from January to April, after which the monsoon gale and wind start and continue almost upto the end of the year. The islands receive rainfall from both the monsoons and average rainfall is 120" varying from place to place. The steep slopes and sandy soils help rapid drainage despite the heavy rainfall. The soils are generally fertile and support the major forest crops.

1.14. The greater part of the Islands is under forests, partly primeval, and it is only in the areas of rural settlement that the forests have been cleared for purposes of agriculture. Some areas in the North and Middle Andamans e.g. Diglipur and Rangat valley, have also been reclaimed and brought under cultivation. The Andaman Islands are one of the biggest sources of high grade wood in India. A large variety of timber is available for commercial exploitation. 'Padauk' is the most important variety and is reckoned at par with high grade teaks in the world market. 'Garjan' is the next in importance and grows in all the forests of the Islands. Other varieties which are grown in the Islands include witedhoop, Ghuglan, Papita, can, mulberry and bamboo. In the Nicobar Group the more important species of the Andaman forests, such as Padauk and Garjan, are not found. Mangrove forests along the coastal fringes cover about 230 sq. miles. The Islands abound in sea fish of varieties such as Tuna, Sea Perches, Sardines, See, Anchovies, Horse Mackerel, Prawns, Mulletts, Lobsters etc. Mineral investigations carried out by the Geological Survey of India during the last four years reveal that sulphur, chromite, coal and gypsum do not occur in economically workable deposits. It is, however, believed that the islands may contain commercially exploitable deposits of the nickel group of metals and flux grade limestone. More important, the islands are known to belong to a land formation rich in oil and hold out yet incalculable prospects of the striking of oil and natural gas.

1.15. The Nicobar Islands are, as noted earlier, very different from the Andaman Islands. Car Nicobar is 60 miles from the southernmost tip of the Andamans. The Nicobarese, it appears, had attained a certain minimum standard of organised life very early in their history.

C. The People

1.16. The population thus can be divided into distinct groups, viz. (1) The Andaman Tribals or aboriginals, (2) the Andaman Indians,

(3) the new Indian settlers in this Andamans, (4) the Nicobarese and (5) Government Employees and labourers brought over as temporary residents for specific periods.

The aboriginal population of the Andamans and Nicobarese consists, in the main, of the Andamanese of South Andaman, the Onges of Little Andaman, the Jarawas of Middle Andaman, the Sentinelese of Sentinel Island, the Nicobarese and the Shompens of the Nicobar Island.

1.17. There has been steady growth but not in the case of tribals, in the population of the Andaman and Nicobar Islands, except during the decade 1941—51 when for some years, the Islands were under Japanese occupation. Later, after the Government of India had re-occupied the Islands, the penal settlement there was abolished and many of the convicts were repatriated to the mainland. The population of the Islands, therefore, registered a fall. According to the 1961 census, the population of the Andaman and Nicobar Islands was 63,548 indicating the increase of 105 per cent over the figure for 1951. According to the 1971 census the population of the Islands was 1,15,133 registering an increase of over 80 per cent in a decade. The low density is due to the fact that a major part of the area is heavily forested and uninhabited. Out of the total population about 26,000 live in Port Blair and the rest in other areas. The number of aboriginals, however, is declining fast though the figures available appear, after study by the Committee, to require careful verification. The Onges, for example, who numbered 672 in 1901 were reported to be only 140 in 1961 and 112 in 1971. [Only 104 in 1976, according to Government of India publication *Yojana*, Andaman & Nicobar Special No. 15 August 1976] This, in spite of their being a friendly tribe who live exclusively in Little Andaman. Jarawas and Sentinelese, the two other notable tribes are usually—but perhaps not entirely correctly—described as very hostile. The Jarawas are confined to the Western parts of South and Middle Andamans, while the Sentinelese live in Sentinel Island.

1.18. In the Nicobar group, the population of Car Nicobar alone accounts for 66 per cent. Chowra, Katchal, Camorta, Teresa and Nancowrie have populations ranging from 500 to 1200. Except for a few officials and traders, the rest of the population can be said to have two broad divisions; the Nicobarese and the Shompens. The latter, still from all accounts extremely primitive, inhabit the high

lands of Great Nicobar and their life and economy appears to have remained virtually untouched on account of their complete isolation. There has been also a rapid decline in their numbers almost to the point of extinction, unlike in the case of the Nicobarese who have grown steadily in numbers.

1.19. The density of population taken as a whole in 1971 was 14 per sq. mile compared to 8 per sq. km. in 1961. The distribution is, however, highly uneven. In the Andaman group, the concentration is in South Andaman, while in the Nicobar group the two small Islands of Chowra and Car Nicobar account for 76 per cent. There is predominance of males in the population of the Islands, there being 61.8 per cent males as against 38.2 per cent females.

1.20. According to the latest population projections available, the present population would be about 1,15,090. This large increase in a decade was due not only to natural increase locally, but also to rehabilitation programmes and the import of labour and other personnel from the mainland for developmental work. Of the total population about 26,000 lives in the township of Port Blair and the rest in villages, tribal settlements and labour camps for forest and other works.

1.21. In *Yojana* (August 15, 1976), already referred to, there is an interesting summary which may well be quoted:

“The linguistic break-up of the present population is as under
(Source: Statistical Bureau, Port Blair 1976):

1. Assamese	. . . . .	17
2. Bengali	. . . . .	28,120
3. Gujarati	. . . . .	159
4. Hindi	. . . . .	13,982
5. Kannada	. . . . .	201
6. Kashmiri	. . . . .	8
7. Malayalem	. . . . .	13,953
8. Marathi	. . . . .	115
9. Oriya	. . . . .	250
10. Punjabi	. . . . .	1,024
11. Sindhi	. . . . .	7
12. Tamil	. . . . .	14,518

13. Telugu	9,361
14. Urdu	2,488
15. Nicobarese Tribes	17,874
16. Negrito	532 (Appr. x)
17. Others	8,021

From the above table, it is clear that the major linguistic groups are Bengali, Hindi, Malayalam, Tamil, Telugu and Nicobarese speaking people. However, it is noteworthy that the commonest languages for inter communication in the Island is Hindi, a simplified dialect of Hindi, which has evolved locally under the various linguistic and cultural influences during the last 100 or so years. If a person does not know it on his arrival in the Islands, he learns it within a few months. This dialect has enriched itself by acquiring new phrases and words and has also dispensed with some of the more complex rules of grammar pertaining to number, gender, tense, etc. making it much easier for the 'non-Hindiwalas' to pick up the language fast. This may not be a very satisfying situation for the tourist but it has considerable practical value, in any case, the cultural forces at work in the Territory are bound to follow their own natural course."

D. Evolution of Administration

1.22. The establishment of the British East India Company's authority on the Coromandel Coast and in Bengal about the middle of the 18th century made them conscious of the value of a harbour in the Bay of Bengal for the shelter of vessels in distress.

1.23. About 1788—89, Lieut. R. H. Colebrooke and Lieut. Archibald Blair of the British India Navy were sent to survey and report on the possibility of setting up such a harbour. On the basis of their report a settlement was established in September 1789, on Chatham Island, on the south-east bay of the Great Andaman, now called Port Blair, but then called Port Cornwallis.

1.24. The subsequent development of the administration of these islands during the British period is almost entirely linked with the need felt by the British for penal settlements from time to time particularly following the Indian war of Independence in 1857.

1.25. The Penal Settlement of the Andamans was at first placed directly under the Government of India. In 1864 it was placed

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under the Chief Commissioner of Burma. The new experiment came to be abandoned in 1868 when the administration of the Andamans was again placed directly under the Government of India. In 1870 the Penal Settlement of the Andamans was placed, for judicial purposes, under the High Court of Calcutta. In 1869 the British formally occupied the Nicobar Islands and the administration was placed in charge of the Superintendent of Port Blair. A Penal Settlement was established at Nancowrie harbour in Nicobar and an Assistant Superintendent was put in charge of it. This Settlement continued till 1888.

1.26. The British Government was clearly not interested in the development of these Islands. However, the personal initiative of some enlightened officers brought about some sort of development. In 1890 a Commission consisting of Sir Charles Lyall and Sir Alfred Lethbridge was appointed to investigate the Penal System. Colonel Sir Richard Temple, who took over the administration in 1894 was chiefly engaged in carrying through the orders of the Government of India based on the recommendations of the Lyall-Lethbridge Commission, namely, developing the disciplinary and labour organisation, the industrial capacities of the convicts, forestry communications, and, to some extent, agricultural products.

1.27. From the earliest days of the Penal Settlement succeeding Chief Commissioners took interest in getting lands cleared and brought under the plough, primarily in order to improve the living and health conditions in the Port Blair locality. The setting up of the Forest Department and other constructive items of work followed, mainly to provide employment to convict labour. Later, permission to settle on the Islands began to be extended and was availed of by many ex-convicts and a few other persons who had gone there for work in one capacity or another.

1.28. The Andaman and Nicobar Islands, where one could go after crossing the sinister 'Kala Pani' ('black water') have since Independence been treated as part of the mainland. The Andaman & Nicobar Island, formerly a part D State, were constituted into a single distinct Union Territory with effect from 1-11-1956. In terms of article 239(1) of the Constitution the Union Territory is administered by the President through an administrator designated as Chief Commissioner.

1.29. Unlike during British rule, attention is being paid now by the Administration to the task of development in the interest of the

Islands and the nation as a whole. The first "special area" notified by Government was the Andaman and Nicobar Islands which were considered to be suitable for integrated resource development and for the rehabilitation of migrants from erstwhile East Pakistan. An Inter-Departmental Team consisting of officers representing the Planning Commission and certain other Ministries concerned with development was constituted by Government, which visited these Islands during 1964. The Inter-Departmental Team have given a detailed report on the problems of these Islands and have made a number of recommendations. Thereafter a Study Team consisting of Cabinet Secretary, Home Secretary and Defence Secretary visited these Islands and made several further suggestions. The Administrative Reforms Commission have also gone into the problems of these Islands and made recommendations. Other bodies like Study Teams have from time to time visited the Islands and given their reports on different problems e.g. education, jail administration etc.

E. The Economy

1.30. In order to appreciate the relevant development plans of the Government of India, it is necessary to acquire some idea of the salient features of the economy of the Islands. The report of the Techno-Economic Survey of the Island conducted by the National Council of Applied Economic Research, (8th May, 1972) summarised below, will be of assistance.

FORESTRY

"Forests are by far the most important natural endowment of the territory. Forests cover 6,478 sq. kms. or 78 per cent of the total land area. The forests have been exploited for many decades now, but till recently wide operations were confined to areas readily accessible from the coasts and creeks; natural regeneration methods have also now been evolved. But the forests of these Islands can and should be made to play a fuller role in the industrial and economic advancement of the country. Till recently forest working was confined to the Andaman group of Islands only. It has now been extended to the Nicobar group also under the Accelerated Development Programme, though serious transport problems still exist. Even in the Andamans, the programme of forest exploitation has yet to be extended to cover all areas or to the full yield capacity of the forests. Besides, interest in working the forests is only very gradually improving. Entrepreneurs have not themselves come forward yet to set up wood processing units in the Islands which use plywood logs, but logs of other species are exported to the

mainland. Again, recent technological advances, like the manufacture of hardboards, has shown the way to the industrial utilisation of all wood cellulose; and, consequently, the differentiation between commercial and non-commercial species tends to get narrower every day. Further, unlike in the mainland (where the provision of employment for an under-employed population is a major consideration), the very spare population in these Islands is a factor in favour of more modernised forest operations. It would be appropriate for the Andaman Islands to be maintained as an excellent reservoir of timber and cellulosic raw materials, and improvements made to secure increasing yields of this perpetually renewable raw material."

AGRICULTURE

1. Agriculture in Andamans and Nicobar depends entirely on rainfall. Till recently the local tribal people had not developed the practice of cultivation of cereal or any other crop. The Nicobarese planted frequently a few trees for fruits but otherwise they lived off the land and sea. However, the traditions are changing speedily. Old settlers, mostly ex-convicts, are stated to have developed agricultural farms in South Andamans where they grow mainly paddy.

LIVESTOCK

The livestock of these Islands consist mainly of cattle, buffaloes, goats and poultry besides pigs.

FISHERIES

The seas around these Islands abound in a variety of fish found in a number of fishing grounds. From 15 fishing grounds, more than 16 varieties of fish are landed in the South Andamans alone annually (410 tons in 1967). It is also known that there is much scope for open or deep-sea (tuna) fishing off the Andaman and Nicobar Islands. The total production of fish in 1970 was around 500 tons.

MINERALS

The Islands would appear to be of very little importance from the point of view of the production of oil, coal or minerals, though of course Scientific investigation might reveal a better picture.

COMMUNICATION AND TRANSPORT

By the very nature of their location amidst the high seas, the main means of communication amongst these islands and also with

the mainland has been by sea. But facilities for navigation, especially by night, have yet to be developed. At present there are four ships for mainland-island communication. Till very recently, road transport was confined to areas immediately around Port Blair. A regular commercial air service is now in operation twice a week between Port Blair and Calcutta. There are no rail service in the Islands.

POWER

The Government-owned thermal power stations primarily cater to the domestic needs of Port Blair township and the Government saw mill at Chatham. In other localities like Long Island, Mayabunder and Nancowrie, very small diesel sets generate limited power for restricted domestic use.

INDUSTRIES

There are very few industrial units of any sort in the islands. The comparative isolation of the territory and the small local population, have hampered better utilisation of the Andamans' resources. Very little of finance or entrepreneurship was available locally, and until recent years not much was done even to try to attract entrepreneurs and capital from the mainland. The development programme of the Second and Third Plans, however, did help to create a better atmosphere. The State-owned Chatham Mill is the largest industrial undertaking and provide employment to about 1200 workers. Three large industrial undertakings based on the forest resources of Andamans are located at Bamboo Flat Bakulatala and Long Island. These are the Andaman Timber Industries, Jayashree Timber Products, plywood Limited and Western India Match Company. The last-named company manufactures matchsticks which are sent to the mainland for use in the match industry. The Inter-Departmental Team on Accelerated Development Programme which submitted their report in 1965 after examining the industrial sector recommended the setting up of certain industries but all of those industries have not yet been set up.

F. Development Plans

1.31. The Committee asked for information from the Ministry of Home Affairs on the following points:

- (a) Provisions made in the various Five Year Plans for the growth and development of the Andaman and Nicobar Islands;

- (b) The financial and physical performance against the various plan provisions and targets, the results of such review and remedial measures, if any, taken to ensure speedier development;
- (c) The role played by the Ministry of Home Affairs in ensuring that the potentialities of the Andamans in various areas of economic and developmental activity are properly tapped in a planned and purposeful manner.

1.32. In reply the Ministry of Home Affairs have intimated as follows:*

"A statement showing the approved plan outlays *vis-a-vis* actual expenditure incurred during various Five Year plans beginning from Second Five Year Plan is given below:—

(figures in lakhs of Rs.)

	Approved outlay	Actual Expenditure
Second Five Year Plan	603·14	364·87
Third Five Year Plan	979·32	636·20
Annual Plan 1966-67	158·31	134·19
Annual Plan 1967-68	278·39	182·73
Annual Plan 1968-69	251·00	211·96
Fourth Five Year Plan	1400·00	1469·99
Fifth Five Year Plan	3350·00	..
Annual Plan 1974-75	520·00	334·05
Annual Plan 1975-76	550·00	556·28 (anticipated)
Annual Plan 1976-77	575·00	..

*Information not vetted by Audit.

The two tables below show the plan provisions and expenditure incurred under broad heads of development during different plan periods beginning from Second Five Year Plan, together with the level of physical achievements at the beginning of Third Five Year Plan and at the end of Fourth Five Year Plan:—

(Rs. in lakhs)

Sl. No.	Heads of Development	Second Plan		Third Plan	
		Outlay	Expenditure	Outlay	Expenditure
1.	Agricultural Programmes .	252·650	119·671	153·790	130·485
2.	Cooperation & C.D. Blocks	10·960	12·365	31·980	30·155
3.	Power .	2·500	0·921	14·350	11·521
4.	Village & Small Industries	7·000	3·193	14·760	10·362
5.	Transport & Communication	240·000	181·160	514·000	323·036
6.	Social Services . .	86·620	46·662	132·890	121·850
7.	Miscellaneous . .	3·405	0·895	17·550	8·793
GRAND TOTAL . .		603·135	364·867	979·320	636·202

Annual Plans 1966—69		Fourth Plan		Fifth Plan
Outlay	Expenditure	Outlay	Expenditure	Outlay
85·600	40·735	125·440	128·467	853·000
30·723	23·875	32·900	57·051	60·000
48·360	44·238	55·000	45·997	150·000
9·305	6·148	5·110	3·391	31·500
354·822	239·953	774·203	757·862	1629·500
145·692	89·498	389·247	463·400	418·000
13·200	4·996	18·100	13·831	208·000
	79·435*			
687·702	528·878	1400·000	1469·999	3350·000

Statement showing the level of achievements

	Unit	First Year of 3rd Five Year Plan 1961-62	Last Year of 4th Five Year Plan 1973-74
1. Production of rice	Tonnes	6,176	11,660
2. Areas under cultivation	Hects.	6,752	8,967
3. Revenue earned by Forest Department	Rs. in lakhs	96.95	189.67
4. Educational Institutions	No.	108	187
5. Students on rolls	No.	7,227	22,104
6. Teachers in rolls	No.	208	1,217
7. Hospitals	No.	9	12
8. Dispensaries	No.	35	55
9. Hospital Beds	No.	408	535
10. Black topped roads	Kms.	209.86	505
11. Andamans Trunk Road	Kms.	..	319
12. Cooperative Societies	No.	96	218
13. Working Capital of Cooperative Societies	Rs. in lakhs	16.81	62.45
14. Electricity Generation	KW (000)	1746	5742 (1973)
15. Factories working under Factories Act, 1948	No.	12(1962)	23(1973)
16. Fish landing	Tonnes	155(1962)	854(1973)

Because of their distance from the mainland, these islands have inherent difficulties in the matter of transportation and communication. Building up the infrastructure needed for the development of economy depends upon an effective transport and communication system. A major portion of the outlay for each plan was therefore earmarked for development of transport and communication facilities. The strategy of development has been to concentrate on setting up of basic infrastructure and simultaneously attempting development in other sectors, Education, Public health and other programmes of social development have been given a fairly high prio-

riority. Priority has also been accorded to development of Agriculture, keeping in view the need for achieving self-sufficiency in food. Exploitation of forest wealth and marine resources have also been given due priority. There has also been emphasis on development of "Power".

There had been some gap between the targets and actual performances in the earlier plan period because of the difficult conditions in which work had to be done and also constraints in the field of shipping, communication facilities and manpower. Among the other factors that accounted for shortfalls in expenditure during the first three Five Year Plans was the difficulty in adequately organising the Public Works Department to take up construction work on large scale, shortage of equipments and key materials, etc. More or less the factors contributed towards the shortfall during the three Annual Plans (1966—69) under which expenditure was Rs. 528.88 lakhs against the total outlay of Rs. 687.70 lakhs. Capacity of the implementing agencies improved during the Fourth Five Year Plan period when again an outlay of Rs. 1400 lakhs and expenditure of Rs. 1469.99 lakhs was incurred.

The Planning Commissions conduct on in-depth review of the plan targets and performance especially of the Annual Plans (within the targets of the Five Year Plan) while finalising allotments for the next year. The capacity already generated to implement the schemes and performance in the previous year plays an important role in allocation of resources. They also carry out mid-term appraisal of five year plans.

The Ministry of Home Affairs also obtained periodical reports on progress of Plan implementation. After reviewing the performance of Annual Plan for 1974-75 of Andaman & Nicobar Islands it was found that only 62.2 per cent of the total approved outlay was utilised by the U. T. Admn. during that year. Non-creation of posts, non-construction of buildings, and non-availability of material from the mainland were stated to be major bottlenecks. Delay in creating and filling up of posts and securing material from mainland were reported to be the impediments in fulfilling plan targets during earlier year also in a d/o letter written to Chief Commission A & N Islands by the Home Secretary on 17th March, 1975, the following measures were suggested to get over the bottlenecks mentioned above:—

- (i) The Administration should examine the difficulties in depth and evolve adequate measures to get over them permanently.

- (ii) The Administration should list out the various plan schemes—continuing as well as new ones—and examine the contents of each scheme in terms of additional manpower needed, materials required from the mainland and other special inputs. The additional manpower requirements should be pooled at one point and scrutinised at the highest level. Thereafter the posts should be created and immediate action initiated to fill them either by utilising surpluses available or by recruitment and promotion.
- (iii) The Administration should try to evolve a central agency for the procurement of material from the mainland and, if necessary, small teams of officers could come to the mainland to expedite the purchases.
- (iv) The Development Commissioner should keep a special watch on the programme of procurement.

The Chief Commissioner was also asked to review the plan implementation at his level at frequent intervals.

The progress made towards the achievement of financial and physical targets during the current financial year is comparatively better. More than 50 per cent of the approved plan outlay had been utilised upto December, 1975, as against 28.4 per cent (executing Trunk Road at Great Nicobar) during the corresponding period last year. The Union Territory Administration have also drawn up a calendar of action for each programme. As the working (construction) season in this Union Territory starts from October/November onwards, the entire plan outlay for the current financial year i.e. 1975-76 is expected to be utilised.

The Andaman and Nicobar Administration had carried out its own Fifth Plan mid-term review in terms of priorities requiring reallocation etc. and their Annual Plan for 1976-77 is based on such reappraisal.

The potentialities of the Islands in various areas of economic and developmental activity are taken into account while drawing up the Five Year and Annual Plans which are finally approved by the Planning Commission with such changes as may be necessary. The Ministry of Home Affairs acts as a coordinating agency in the development as also in non-developmental fields in regard to matters concerning different Ministries. Coordination is secured through two Committees. One of these Committees is the Advisory Committee associated with the Home Minister on which here are three *ex-officio* members, viz., (i) M.P. representing the Union territory,

(ii) Chief Commissioner and (iii) Senior Vice-Chairman of Port Blair Municipal Board; and seven indirectly elected members. In addition one woman member has been nominated to this Committee this year. Home Minister presides over the meetings of this Advisory Committee. The development programme is discussed at these meetings in the light of the requirements of the people. After each meeting of the Committee a summary record of the proceedings of the meeting is circulated. Thereafter follow-up action by different agencies is monitored. A statement of action taken is laid before the Advisory Committee in their subsequent meeting and deficiencies in implementation are again discussed. The major recommendations of the Committee are followed up through demi-official letters at level of Secretary/Minister. Inter-ministerial meetings are also convened to sort out the points.

The other Committee is the Central Coordination Committee functioning under the aegis of the Ministry of Home Affairs. This Committee was set up in January, 1972. The Committee is presided over by a Secretary, Additional Secretary in the Ministry of Home Affairs and consists of representatives (not below the rank of Joint Secretaries) of Ministries of Home Affairs, Agriculture, Defence, Finance and Department of Rehabilitation. Representatives of other Ministries are co-opted as and when problems relating to our having a bearing on the policies of those Ministries come up for discussion.

Among the matters discussed in the various meetings of the Coordination Committee so far are those relating to (i) road construction programme in the Islands; (ii) construction of an alternative airfield near Port Blair; (iii) setting up of corporations of the Islands to look into development of forest plantations and fisheries; (iv) export of timber direct from the Island ports; (v) conversion of Andaman Forest Department from 'Commercial' into 'Service' department; (vi) acquisition of additional loader for the Andaman Forest department; (vii) schemes for hydro-power generation in the Islands etc."

1.33. Dwelling on the functioning of the Central Coordination Committee set up under the aegis of the Ministry of Home Affairs, the former Chief Commissioner of Andamans & Nicobar Islands stated during evidence:—

"Government has been conscious of the fact that the purpose for which the central coordination committee was set up— which was to expedite the development of Andaman and Nicobar Islands by sorting out matters which had to go to more than one Ministry—was not fully served, because, as it happened, matters were discussed in the central co-

ordination committee and then they were examined *de novo* in the normal process by each individual Ministry, it meant that the central coordination committee came to be just one more link. In some matters of course, it acted as an expeditor, because the committee met once every six weeks or so; and because representatives of different Ministries had to come prepared, they had to take at least one step forward in order to report to that committee. But it did not really serve the purpose of being the authority which could decide issues, because of procedural difficulties etc. This was realised; and was also perhaps discussed before one of the Committees of Parliament."

1.34. In this connection the Committee note that the Estimates Committee (1969-70) which examined the Union budget estimates of "Union Territory of Andaman and Nicobar in para 11.7 and 11.8" had stated as follows as their overall view regarding the development during the five year plans:

"The Committee are unhappy to note that there has been heavy shortfalls consistently during all the three Plan periods. As against total approved outlay of Rs. 558.050 lakhs, Rs. 603.135 lakhs and Rs. 979.320 lakhs for the First, Second and Third Five Year Plans, the Budget grants were Rs. 120.450 lakhs, Rs. 765.774 lakhs and Rs. 843.925 lakhs and the amount of actual expenditure incurred was only Rs. 85.472 lakhs, Rs. 364.867 lakhs and Rs. 636.202 lakhs respectively. The Committee are not at all convinced with the reasons given for these shortfalls such as lack of experience, delay in sanctions which at best are administrative and could have been overcome with a little more prudence, zeal and imaginative planning on the part of those charged with the responsibility of executing the schemes. They hope that such shortfalls would be avoided in future.

The Committee are all the more unhappy to find that there was no integrated plan for this Union Territory in the First Five Year Plan and that merely two isolated schemes, namely, Road Scheme and Colonisation Schemes, were taken up during that period. It was only from the Second Five Year Plan onwards that planned development in these islands was undertaken. The Committee would like to stress the importance of having an integrated plan com-

prising schemes for all round development of that Region with its own peculiar problems because of physical, economic and strategic characteristics. While endorsing the view of the Inter Departmental Team on Accelerated Development Programme for these Islands that the Area Development Plan in respect of this Territory should necessarily be different from that adopted in national plans, the committee suggest that in regard to execution of development schemes special attention should be paid to secure the maximum support and cooperation of the people living there so as to inculcate in them a sense of involvement and participation”.

1.35. The Committee would stress at the outset, that a region as unique as the Andaman and Nicobar Islands requires, for its development, a most thoughtfully co-ordinated plan of action and a truly constructive as well as imaginative approach to the ecological, anthropological, socio-economic and administrative problems involved. In spite of the natural wealth and strategic significance of the islands, and also their symbolic importance in the history of India's struggle for freedom, attention hardly appears to have been paid, except to some extent lately, to the developmental tasks awaiting execution in the region. The Estimates Committee in their 128th Report (4th Lok Sabha) presented in April 1970 had pointed out the serious shortfall in planned expenditure there during the First, Second and Third Five Year Plan periods. It seems that virtually the same story has continued since. The Committee recognise that there are many inherent difficulties over transport, communication and other requirements, and also that shortage of equipment, key materials etc. seriously militate against the setting up in the islands of anything like an adequate public works department. These difficulties, however, are not insurmountable. They were, the Committee learn, to have been examined at depth by the Chief Commissioner of Andaman Nicobar Islands who was asked by Government as long ago as in March 1975 to prepare a report. The Committee are not aware of the results of his labours, but have been informed, during evidence, that a subsequently appointed Central Co-ordination Committee of senior officers of the Ministries of Home Affairs, Agriculture, Defence, Finance and Rehabilitation have not proved effective either, and that apparently still unsolved procedural problems had erupted. This is by no means a happy picture. The development of this Union Territory, home of primitive peoples who are presently poor but potentially opulent, a region strategically situated and scenically entrancing, is for this country an imperative human and historic responsibility. The Committee are of the view that Govern-

ment should set up an adequate nodal agency at a high level charged regularly with the duty of ensuring that development on the right lines of the Union Territory proceeds effectively and is reviewed meaningfully, so that the islands as well as the mainland are truly linked in their forward march together.

CHAPTER II

THE TRIBAL POPULATION

2.1. As stated earlier, the original inhabitants of Andaman & Nicobar Islands appear to have been the Jarawas, Onges, Andamanese Shompens and Nicobarese whose numbers were at one time considerable. But over the years the policy followed by the British Government brought about continuous decline in their population. At the time of the first settlements, the British occupiers naturally met with the most strenuous resistance from the aboriginals, thousands of whom were massacred. Subsequent settlements similarly caused the decimation of the indigenous population. The present position according to the census of 1971 is that out of the total population (1,15,133) of the Islands, the population of tribals is 18,102 only i.e. 15 per cent. While this decline which is so obviously contrary to the population trend of the country as a whole, is disturbing in itself, the Committee were gravely concerned to learn during evidence that one of the tribes in particular was in the verge of extinction. It was a shock to find that the administration, which is directly supervised by the Ministry of Home Affairs in the Government of India, had apparently reconciled itself to the notion that this particular tribe had "lost the will to survive". In fairness, it must be stated that the administration were making efforts to save the situation, but the situation clearly is serious. The Committee therefore went into this question at some depth and attempted a probe considerably wider than that necessitated strictly by the audit paragraph.

2.2. The Committee have examined this important subject mainly from two angles, viz., (i) the broad policy of the Government of India towards the tribals in general and the Andaman & Nicobar Islands tribals in particular, and (ii) the tangible measures so far taken for the uplift of the tribals. For this purpose, attention is called at the outset to certain facts about the tribal people of the region furnished by the Ministry of Home Affairs. At the cost even of some repetition, the facts are stated in summary, below.

A. The policy towards the preservation of Tribes

2.3. According to the various Census figures the population of the tribes was as follows:

Name of tribes	Census years				
	1931	1941	1951	1961	1971
In Andaman Islands					
Andamanese	90	..	23	19	24
Onges	(250)	..	(150)	(129)	112
Jarawas	(70)	..	(50)	(500)	NE
Sentinelese	(50)	..	..	(50)	NE
In Nicobar Islands					
Nicobarese	9589	12252	11902	13903	17874
Shompens	(200)	..	(20)	71	92

NE—Not Enumerated.

Note : Figures in brackets are estimated figures.

2.4. In a note furnished to the Study Group which visited the Andaman & Nicobar Islands, the Andaman and Nicobar Islands Administration stated:

“The unfortunate fact about the Andamanese and the Onges, both friendly tribes, is that they seem to have lost hope for survival. The Andamanese who, in their thousands, had roamed the southern part of Andaman group gathering food and hunting at the turn of the century, are now a mere 24 souls in all. A settlement has been built for them in Strait Island. The Onges number around 112 today and live in groups in Little Andaman Island subsisting on what the jungle and the sea are able to provide. The Administration is gradually attempting to make them exchange their seminomadic life with part settlement so as to provide them amenities. A Social Worker of the Bharatiya Adimjati Sevak Sangh is working among them to look after their welfare.”

Further, according to the Administration:

“The Jarawas and the Sentinelese have consistently refused to come to terms with civilisation mainly for lack of a dialogue. The policy of the Administration is to leave them.

in peace, while at the same time attempting subtly to befriend them. The Andaman Administration has been making efforts to befriend these tribes by dropping gifts in the areas inhabited by them. During the last two years, the Andaman Administration intensified gift-dropping operations in these areas and this is said to have paid rich dividends, so much so that first on 1st February, 1974 and again on the 5th April, 1974, the Jarawas in Middle Andaman not only picked up the gifts, but also came to the boat and by gestures indicated that they liked the gifts and would like to have more. The friendly contact, established with this group is being kept up and six such trips have been made to them in the last 3 months. The Jarawas number around 500 and live on the Western coast of South and Middle Andamans, while the Sentinalese monopolise the island of North Sentinal (20 sq. miles)."

* * * * *

"The Sentinalese live in the North Sentinal Island which lies towards North West of South Andaman Island. Communication with this Island is difficult. This tribe is also reported to be shy of contact and they do not like any outsider to land on their island. To establish friendly contact with this tribe an expedition to North Sentinal Island was led by the Chief Commissioner on 16th March, 1973. The party could establish a distant contact with the Sentinalese. Another expedition was arranged on 29th March, 1974, under the leadership of the Deputy Commissioner. This team was more successful than the first one in the sense that the Sentinalese allowed the party to drop the gifts within their sight and by gestures made it clear that they would like more gifts. Administration's efforts to befriend this tribe would continue."

"In the case of both the above tribes, a policy has been evolved not to be in a hurry to impose our way of thinking on them. They have their own style of life. That style is not necessarily bad merely because it does not agree with our ideas and notions. Friendly contacts will be made through people who understand them, but there will be no hurry to change their attitudes. Greater stress is being laid now to learn their language."

2.5. In regard to reports that the Jarawas and Sentinalese were hostile, the Committee enquired if the alleged hostility connoted hostility towards civilisation as such or hostility to India. The former Chief Commissioner stated: "When the people from outside came to

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these Islands, there was a group of tribes inhabiting the eastern coast and there was another group of tribes in the western coast. Since the settlement started largely on the eastern coast, they managed to befriend the various tribes which were broadly known as the Andamanese.**** The Andamanese were befriended by us before the tribes which were living on the western side whom we refer to as Jarawas were unfriendly." He however added: "The Andamanese contact with the civilisation was not a very happy one because from a population of tens of thousands their number has been reduced to 19 or 20". This particular tribe had been exposed in the British times to great many illnesses to which they were not accustomed. They did not have the resistance and they died in very large numbers. Then I think, during Japanese occupation and prior to that they also got accustomed to taking opium."

2.6. Since this drastic decline in numbers had taken place even in the case of a tribe whom we had tried to befriend, and that in 1947, its estimated population was 30 or 40 the Committee wanted to know how the problem had aggravated. The former Chief Commissioner replied:

"This particular tribe have lost their will to live. Therefore, it was decided that we should select an island and put them on that island where outside hostile influences do not work on them. We should help them as carefully as one helps children. We should build houses for them. Whatever survivors were there, were put in that island."

2.7. Asked whether the decision to re-settle them on Strait Islands was taken on administrative grounds or after careful consideration of all relevant anthropological and other essential information, the former Chief Commissioner added:

"This was done for anthropological reasons, with a view to help this tribe to regain their desire to live. In fact, despite their very small number, we maintained contact with them at the highest level and each individual we get to know and we advise and help him. In my time, I found that there were a girl and three boys who had attained the marriageable age. I personally made a lot of efforts to persuade them to get married, but because of other influences like opium and a psychological logical desire not to live, that thing did not happen. They would tell me that they will get married but I was not able to get them to

agree to get married. I have also been individually and collectively telling them and getting promises from them to give up opium. I tried to isolate them so that opium would not reach them, etc. but somehow it has become very difficult to do very much for this tribe."

2.8. Recalling Jawaharlal Nehru's earnest concern for our aboriginal population and his stress on very special treatment to be meted out to them with all the human understanding that could be mustered and entirely unlike the ways of European colonialists in different countries, the Committee wanted to know the steps, if any taken in that light by the Administration. The former (i) Chief Commissioner stated in reply:

"I would like to assure you that the policy enunciated by Shri Jawaharlal Nehru in respect of our tribal people has been very much kept in view in the Andamans. I say this because I have spent most of my career with the tribal people and I am aware of our country's approach to our tribal people and the approach as given by Mr. Jawaharlal Nehru is something which we are proud of and this we have followed in regard to the people of Andamans. I seem to have created an impression that this tribe vanished after independence. The correct position is that in 1906 the population was 500. Soon after independence the population was 32. From 32 it dwindled to 19 or 20. I understand that very recently there has been an increase of one or so. I told you that we have been trying to look after them. For 19 or 20 people we put a compounder, a teacher and a social worker from Bharatiya Adhyatmi Sevak Sangh and there have been frequent visits to look after them."

2.9. Asked further to state Government policy in regard to the tribals in Andaman and Nicobar Islands, the Joint Secretary (Tribal Development) in the Ministry of Home Affairs stated:

"In the whole of the country, there are certain groups which we have classified as pre-agricultural tribal communities who are facing a special problem because they are very small and their requirement of land and forest resources compared to settled cultivation is very large. They are facing pressure from almost all sides and there is also the problem of ecological disequilibrium. In the Fifth Five Year Plan, therefore, looking to the problems of these communities specially, these groups have been recognised as special groups whom we classified as pre-agricultural

tribal communities and for whom we are trying to find solution. From the very nature of the problem of these communities there cannot be a generalised solution. The only generalisation which we can make is that each particular community will have to be taken care of in the context of its own situation. With this generalised approach we have somewhat tried to understand the problem as is being faced by the tribal communities in A & N Islands. Broadly the tribals in A & N Islands can be grouped in two parts:—

- (i) Those Communities which are living in the Nicobar groups of islands are flourishing communities numerically. In the Andaman group of islands there is one group known as Great Andamanese. There used to be 10 groups and about a century back their total population was about four to five thousand. In the middle of the last century i.e. in 1850s the population of these groups was estimated between four to five thousand. Unfortunately, these 10 groups have now been reduced to one group known as Great Andamanese and their total population is about 22 or 24. They have reduced considerably and they are almost on the verge of extinction.
- (ii) Another important group is Onge Group. Their population in the beginning of the century was estimated to be something like 500 or so. Now their population is 112. They are also fast declining. These are the two groups with whom we are in contact.”

2.10. Asked to identify more clearly the nature of the problem in relation to the two tribes who were facing extinction the Joint Secretary (Tribal Development) answered:

“In the case of the Andamanese the basic problem appears to be genetic problem. In the earlier years it was ecological. It was faced in pre-independence days with all hostile circumstances which a primitive group could face against advancing civilisation. After independence we have tried to tackle the genetical problem. In fact in the last three or four years when some new births were there, there was a great jubilation in these communities. With these new births and our efforts to keep the baby alive, some sort of reassurance emerged in these groups, otherwise they had considered themselves to be completely lost.”

2.11. The Director of the Anthropological Survey of India called upon to give the views stated:

“.....the penal settlement was started in Port Blair in 1858.

As soon as this was started there was continuous resistance from the tribal people.

And some of these tribal groups who were quite large in number were estimated from 1880's onwards. These people resisted and there was large scale massacre of these tribal people by the British colonialists and later on, somehow, the trouble subsided. The people were rounded up and put into a settlement called 'Andaman Home' and from there all the trouble started. What has been referred to by Dr. Sharma (the Joint Secretary, to Tribal Development) was the population some time in 1880 when we got about 4,500 people—in later part of 1880 decade. These people were rounded up and concentrated in a place and they were given the doles by Government. Indeed the main reason for the decline of the population was that they were completely taken away from their natural habitat. Their subsistence base was primarily involved into a kind of fishing, hunting and food gathering activities in various parts of North, Middle and South Andamans. They were being completely uprooted from this cultural base and were all supported by the Government by rations, doles and things like that. Besides, these people were also allowed to come into contact with the people who had migrated or settled there such as convicts and other inhabitants of the penal settlement. This caused small pox which was completely unknown in that island. Syphilis and all other kinds of communicable diseases also caused devastating influence in the reduction of the population. It was not really a kind of genetic change but that the people were completely taken away from their home and hearth and huddled together in a kind of a concentration camp and after that too this kind of thing continued unabated till 1947 or so. After this period, 23 of these people could be identified. But I am not sure whether all the 23 are of pure blood like old Andamanese. Actually they were intermixed with some of the Burmese, Kachins and also the people from the mainland. What Dr. Sharma actually referred to just now is really speaking the remnants of a few tribals who have intermarried among themselves and other non-

tribals. We have just undertaken a study of these 23 Andamanese who have been put in the Strait Island. There too the main problem is this that they have not been very much profitably or gainfully employed in a kind of an economic system; they are all doing a little bit of fishing and for most of the time perhaps they take opium and do a bit of cultivation."

2.12. The Committee drew the attention to the observations of A. B. Redcliffe Brown in his book "The Andaman Islanders", (1932), according to which "the diminution of population has combined with other causes to alter considerably the mode of life of the islanders. What were formerly distinct and often hostile communities are now mingled together. The different languages have become corrupt and some tribes have adopted customs of other tribes and have abandoned their own. The Committee asked why, in the context of such evolution and our adoption of a policy more enlightened and qualitatively different after independence, there had been little success in applying a correct sociologically-oriented and effective human policy in relation to the tribes.

2.13. In his response, the Director of Anthropological Survey stated:

... can give you some idea about these Andamanese who are numbered 23 in number. I would say that their chance of survival is rather remote. *And they seem to have crossed a point of no return.* (Italics added) In the whole of this community, we can identify only two women of child bearing age. This is very significant. I am sorry to say that the remnants of pure blood Andamanese, though now mixed with other non-tribals will just disappear. I am very sorry to say this. About the Onge, I visited the Little Andaman and stayed with these people for about four months in the year 1955. At that time they were all left alone in that island. I could see at that time that they functioned in a kind of a left-alone situation. From the Forest Department side, jetties, exploitation of forest resources and other things have been gradually brought in. I certainly would not like to see the tribal people to be just kept in this kind of condition for all the time. What I mean to say is this. If we want really to bring a kind of development, there has to be a co-ordinated developmental programme. There comes the question of what is going to happen to these people.

This has also to be considered. I am talking about Onge people. That island is about 300 sq. miles roughly in area with dense forest and the occupation of the people is such that they are not settled down in villages. They move from one communal hut to another communal hut. These communal huts are distributed all along the coast and also in the interior. So, it is extremely difficult to count down and tell the exact number of people. From the appearance of the people it is difficult to identify. We used some kind of marker and tried to count the population. The last census, as Dr. Sharma pointed out, estimated the population to be about 112. The occupation of these people has substantially changed. A group of them are just hanging around the place where the jetty is being built and depending on food and other things which are given by the settlers who have gone and settled there. The forests have been reduced. So, only a part of this population is continuing their traditional occupation while the rest of the population is just living marginally on the settled population. Further, the growth of population is very limited. Therefore, if some other kind of external undirected influences are projected upon these people naturally it will somewhat adversely affect the population balance. This is what has happened in the case of Onges.

As regards Jarawas, they could maintain their cultural and biological integrity to some extent because they have all along been hostile."

2.14. This statement helps to justify the apparent paradox that, as the Committee's study team visiting the islands observed, the facts indicate not so much the hostility of the tribals as the hostility of "civilised" men towards them, and also that the tribals have found avoidance of "civilised" men a better instrument of survival than contact with them.

2.15. Asked why we consider the Jarawas as hostile, the Director of Anthropological Survey stated:

"On any attempt that we have made to get into their territory they resorted to shooting. The hostility is due to the encroachment of their forest areas. There was a proposal to build a road through this forest area."

2.16. Asked further whether as an anthropologist he would agree that the hostility on their part could perhaps have been mollified by considerate action and generally the adoption of friendly postures towards them, the witness replied in the affirmative.

2.17. In reply to another pointed question, namely, whether the said hostility could not be ascribed more on our side than on the Jarawas, the Director of Anthropological Survey stated:

"I would not say that there was a kind of expressed hostility on our sides. The question is that there was a complete unawareness as to what is going to happen to the people. I will say that Administration did not take any rash action when there was hostility of the Jarawas. After a continuous effort last year, it was some time in February that we were able to establish contact with the Jarawas. I have brought a few photographs. You can see from these photographs the health and liveliness of these people and if you compare their pictures with that of the Onges you can yourself see the difference. As regards Jarawas, we will have to handle them a little more understandingly. We should understand how these people have continued their way of existence. The sea and the forest are two things which have given sustenance to their life. If we completely reverse this kind of balance then it is certainly bound to affect very adversely their population."

2.18. Asked to explain more specifically why the Andamanese population between 1961 to 1971 either fell or remained stagnant in stark contrast to prevailing world trends, the witness stated:

".....when I went there and started living among those people, I found that child mortality was very high. Fertility rate is also not very high. There are two special problems there. First of all, if we take the case of Great Andamanese tribes, I would say that the colonial policy is more responsible for the extinction or gradual extinction of the 10 tribes. But when we come to the 'Onge' population, the estimate according to 1951 census was 150 and according to 1961 census it was 112. But even this estimate we should take with a grain of salt because certainly the enumerators did not go around the forest all over the island in order to locate all the people. The estimate was essentially based on our findings and then the estimate of 112 was also made a few years back. We have found out that there a few diseases are quite com-

mon among these people. I do consider that these diseases have some bearing with the mortality of the people. They are very dangerous and the number of children we have noticed is quite a few in that community. But even then all this information together does not completely answer the question raised by the Hon. Member. I think for that a deeper study is perhaps necessary."

2.19. The Committee pointed out that the measures adopted by Government during the last 28 years appear to have at best only succeeded in conducting a sort of 'holding operation', and even presuming that there had been an effort to apply scientific knowledge as well as human sympathy and administrative efficiency, the results so far had not been 'propitious'.

2.20. Thereupon, the Joint Secretary (Tribal Development) in the Ministry of Home Affairs, amplifying Government policy, stated:

"So far as the steps taken during the last 25 years are concerned we will send a paper on that. The tribals all over the country are in different stages of development. Most of them are agricultural groups, even though it may be a somewhat earlier stage of development. There are certain groups even in the main and which are still in a pre-agricultural level of technology. These pre-agricultural groups require a much larger land per head for their sustenance. A group which subsists only on collection of fruits requires a much larger area per head than a settled cultivator. During the last 25 years, when the pressure of population from the more advanced tribal communities or from non-tribal communities has increased, these groups have tended to recede. So the land-man ratio has been working against them. Our normal concept of development is, we think in terms of so many acre per family and we are not able to appreciate their requirement. Therefore, I must admit that their case has gone by default. The Bundos in Koraput or the Paharies in Bihar are also groups at a pre-agricultural level of economy who are facing similar problems. But the peculiarity in the case of Andaman and Nicobar Islands is that they are bound by the sea. Let us visualise the situation 100 years ago when the Britishers had their first settlement there. Over the millennia, an equilibrium would have been reached between the tribal communities living there by fishing, fruit-gathering, hunting etc. When an intruder group comes, the tribals do not have any land to recede to,

as in the case of mainland and they have been fighting with their back to the wall. In the process their rate of decline has been much faster than in the mainland. Till 1950, the Onges had the island for themselves. Then we thought that only 400 tribals are living in so much land and it is a waste. We could not appreciate that that group of 400 required 300 square Kms. for their sustenance. So, we began to introduce settlements."

2.21. Asked if the explanation given did not mean that our policy since independence has continued to be defective, the witness replied, "That is true".

2.22. Answering a query if Government was trying to evolve a new and more effective policy, the witness further stated:

"Yes. As I have submitted earlier in the beginning of the Fifth Plan this problem came before us in a big way where we found on one analysis that there are 50 to 100 such communities throughout the country who were fighting for survival as against the non-tribal and tribal communities. * * * * There may not be generalization. We have to go tribe by tribe and area by area. In the case of Andamanese the main problem was that these people did not have anything to fall back upon."

2.23. In reply to another question about Government keeping in touch with the findings of the Anthropological Survey of India, the witness stated:

"So far as the Great Andamanese who are on the verge of extinction is concerned, we have got from the Director of Anthropological Survey the whole history covering 100 years."

He admitted that till recently the Andamanese were not on the agenda of the Ministry, these primitive people came specifically for consideration only in the 5th Plan. He however added that in the case of Andamanese a Committee had been constituted recently.

2.24. The Additional Secretary, Minister of Home Affairs, sought to clarify his views thus, during evidence:

"There are two groups of tribes, as the officer from the Anthropological Survey had said. One is the Nicobarese who have taken to agriculture, who are now slowly progressing. Then there are others who are at the pre-agri-

culture level, out of whom two are really those groups with whom we have not yet had much contact. If we approach them, they defend themselves. We have not been able to pass on any help to them except perhaps some gifts dropped. The other two tribes are the Andamanese and the Onges. Their problem had been engaging the attention of the Administration even in the earlier Plans. For instance, in the island of Little Andaman, a sort of coconut plantation has been put up. Every year about 12 acres are added, as per a scheme. Similarly about the Andamanese. The number is small. I think there is one social worker who is attached to them, from the Bhartiya Adimjati Sevak Samaj; and there is some sort of understanding of their language. They probably know a little Hindi; and the person there understands a little of their language. There is some medical attention given. But these are really part of bigger development plans. These were, at one time, very small micro-problems. In the earlier phase of development, we were naturally trying to emphasize on bigger sectors. In every plan, we are getting down to more and more specific problems. In the 5th Plan, we have reached the problems of isolated smaller tribals. We have slowly begun to see whether our schemes are really helping the people or are going against them. Because as Dr. Sharma had said, if we impose modern methods in a primitive condition, people might suffer, rather than gain. These impacts were there. Probably, some of the primitive groups might have suffered during the earlier plans. As the other tribes get more advantage and advance, these people suffer. This problem has arisen and we have been able to identify it. Many small problems do arise and they have got to be identified. We are now trying to identify and as the Joint Secretary, (Tribal Development) has said the approach has to be tribewise. We are also having a dialogue with the Administration. We have to identify and take care of certain things. We have to see whether they want special huts to be built, need doctors and how they would react to our medicines. This is the main thing; and naturally, we will do our best to see that we do whatever we can. We are very much alive to the situation."

2.25. As the Committee expressed surprise that even in December 1975 the Ministry of Home Affairs and the Tribal Development

Department were still grouping for an understanding of the specific problems involved, and reiterated their desire to know if the Ministry could spell out the exact policy laid down and the extent of success so far achieved, the Additional Secretary, Ministry of Home Affairs, said:

“The broad policy is always there, *viz.*, that we want these people to prosper, their number to increase and that we want to improve them and to take them to a situation where their economy can improve. This is the broad objective; but how to achieve it in a given situation, is what we are thinking about.”

2.26. To a point raised by the Committee as to what exactly had been done over the last 25 years for the well-being of primitive tribal communities in the Andaman and Nicobar Islands, the Director, Anthropological Survey of India, stated:

“Broadly speaking, the development policy of the tribals during the last 25 years has been continually reviewed and changed. Till early sixties the Andamanese tribal community was confined to South Andamans. There was not much tribal development programme. The question of developing these people to bring them into the mainstream of Indian life was not really very much taken into consideration.”

B. Programmes of Upliftment

2.27. In a note furnished to the Working Group which visited the Andaman and Nicobar Islands in Feb. 1976 the problems facing each of the tribe and the action taken by the Administration have been described as follows:

“ANDAMANESE:

The number of the Andamanese tribe is diminishing according to 1971 census, the population of this tribe is only 24. They were settled by the Administration in Strait Island during the year 1969-70. They are being provided with free ration and clothes. They are also helped by free supply of seeds and seedlings with a view to induce them to take to a settled way of life. They have been allotted cleared land for their settlement. A Social Worker of BASS is living with them in Strait Island and looking after the welfare of this tribe, giving them guidance and assistance in taking to a settled way of life. A dispensary has been

opened in Strait Island. Six semi-permanent buildings have been provided to these tribal people at Government cost for their accommodation. The main problem relating to this tribe is the diminishing of their population threatening total extinction. At present there are only a few boys and girls of marriageable age. The Andamanese are not in favour of marriage between these boys and girls as they are very closely related. The question of inter-marriage between the Andamanese and Onges was taken up with the Anthropological Survey of India, Calcutta with a view to have their advice in the matter. This proposal was more or less agreed upon by them. The Administration at present would like to be very cautious for fear of compromising Onges.

II. ONGES:

According to 1971 census, the population of this tribe is 112. They inhabit the island of Little Andaman about 46 Onges have been settled near Dugong Creek where a coconut plants of about 200 acres has been raised for their benefit. A branch of Consumers' Cooperative Stores is functioning at Hut Bay and the Onges market their produce of honey and dhup resin which they collect from the interior forests through the society. A separate Government shop is however being established now at Dugong Creek. Fishing equipments like fishing dinghies, Fishing hooks, plastic lines, swivels etc., are being supplied to them. Comparative table of the census figures show that according to 1971 census, there has been no decrease in the population of various tribes except in the case of Onge tribe. The population of the Onges has decreased from 129 in 1961 to 112 in 1971. At present there is one Doctor-run dispensary and one Compounder-run dispensary in Little Andaman. One Lady Medical Officer has also been posted there. Rehabilitation department has a proposal to establish a 30 bedded hospital in Little Andaman with provision to expand it to a 100-bedded hospital in due course and also have dispensaries atleast for every 200 families. The sanction for establishment of hospital is awaited from the Government of India. Infant mortality seems to be one of the reasons for diminution for the Onge tribe. It is reported that during the past five years, out of the 18 children born to the Onges couples, eleven have died. Exact reason for the deaths is not known. However, reasons for child mortality among the Onge tribals seem to

be mal-nutrition, various deficiency diseases and infectious fever etc. To check infant mortality among the Onge tribe, the Lady Medical Officer in Little Andaman has been directed to visit the Onge colony twice a month in fair season and once a month thereafter to provide necessary medical treatment to the Onges particularly antenatal treatment to pregnant Onge women. The question of establishing a mobile dispensary in Little Andaman to visit and provide necessary treatment to the Onges is also under consideration. Instructions have been issued to the Tahsildar to report the condition of the Onge children to the Medical Officer-in-charge at Hut Bay periodically and to obtain necessary medicine and other nutrition tablets from him and give it to the needy children.

III. JARAWAS:

The Jarawas are broadly divided into two main groups—one spread over South Andaman Island and the other in the Middle Andaman group. This tribe is hostile and uncompromising to outsiders. The population figures of Jarawas could not be assessed during the 1971 census owing to these tribes remaining without contacts with the outsiders and the Administration's policy of least interference with their way of life. However, the 1961 census estimated the Jarawas population as 500. The first problem is to establish friendly contact with this tribe by learning their language. Administration has been dropping gifts at selected spots in the areas inhabited by this tribe with a view to befriend this tribe for the past few years. The Administration intensified gift dropping operations in these areas and these have paid rich dividends. As mentioned earlier, the Jarawas have been picking up the gifts regularly. On 1st February 1974 and again on 5th April, 1974 a group of Jarawas at Chotalig Bang in Middle Andaman not only picked up the gifts, but also came to our boat and by gestures indicated that they liked our gifts and would like to have some more. They danced in joy indicating a change in their hostile attitude. Friendly contact with this group is being continued and a policy has been laid down in consultation with the Anthropological Survey of India that we should not be in a hurry to impose our way of thinking on them. The question of learning the Jarawas Language has been taken up and the vocabulary supplied by one Mrs. Chennappa has been sent to the Bush Police Department station at Port Blair for the study of Jarawas dialects—A special cell has been created.

IV. SENTINALESE:

Sentinelese are hostile. They fear occupation and live in a primitive stage even now. Regular contact is yet to be established with this tribe. Very little is known about the Sentinelese living in North Sentinel Island which lies towards the north-west of the South Andaman Islands. Communication with the island is difficult.

V. SHOMPENS:

This tribe inhabits the Great Nicobar Island. These tribals generally live in the forest hinterland and not along the coast. They lead a primitive semi-nomadic life. They are not known to be hostile; but are generally shy and hesitate to come into contact with the outside world. Through the efforts of the Assistant Commissioner, Campbell Bay and Shri Joorā, Village Level Worker, a group of Shompens in the Lawful area of Great Nicobar Island was contacted in 1970 and the contact is kept up. Distribution of gifts to these tribals, looking after their welfare, and marketing of their produce like lemon, honey, arecanut etc. at fair prices are being arranged by the Administration. The Shompens maintain contact with the Nicobarese people who have settled themselves at various points along the coast of Great Nicobar. Shri Joorā, V.L.W., belongs to the coast of Great Nicobar."

2.28. The Committee enquired whether in view of the fact that development of the land meant squeezing the tribals out of their natural habitat, Government had worked out any policy about the land-man ratio in tribal areas, the Joint Secretary, Ministry of Home Affairs stated:

"This is the first positive step which we have taken in recent times that no further encroachment on tribal land would be permitted. Of course if we can think of bringing them to settled cultivation or some other vocation, they would not require this land*****The tribal Reserves have been declared many years ago round 1955-56. Areas have been demarcated."

2.29. Asked why in spite of the measures said to have been implemented there has been a drastic fall in their numbers and not even a token improvement appears to have taken place, the Additional Secretary, Home Affairs, replied:

"The dwindling number is not because reserves have not been maintained. There are many other causes. The holding

operation has been started much earlier, not now, and that is why reserves have been declared. People are not supposed to encroach upon it. We also see that nobody encroaches upon it. That is what we have done; but much more could be done."

2.30. Recalling that the Andamanese had been taken away from their own habitat, the Committee asked what measures were now at least being taken to ensure that they survive in spite of the handicap of a new and unaccustomed environment. The Joint Secretary (Tribal Development) in the Ministry of Home Affairs, stated:

"As the information is, so far as Great Andamanese are concerned, there are none other than these 22 people. They have been taken away from their old way of living and now we have to find some way to keep them alive and give them some avocation. In their case, there will not be any problem. Once they are able to reproduce themselves, they will be absorbed in the mainstream. The problem is in respect of Jarawas and Onges who are still at the pre-agriculture stage. In their case, they are getting their sustenance from the forests. Our problem is, how do we go about them. We have been thinking on the lines, whether to bring them on cultivation or some other thing. About the Onges group, an Adim Jati Sewak Sangh Volunteer was there for five years. He made contact and lived with them. He had a small school also; further services have now to be provided. Here, Sir, if we open a primary health centre, that will not work. We were discussing and thinking, whether we can get two or three dedicated persons either from Government service or from some voluntary organisations, who can have some basic skills about medicines, how a child is to be brought up etc., and they can go and live with these people. The basic question, that will however, remain will be of communication. It is not the question of just taking some programmes to them and they would pick them up. For this human communication is very necessary. This is the problem, which we are tackling at present."

2.31. In this connection, the Joint Secretary, Tribal Development mentioned another fact viz., that in order not to disturb the Jarawas, the Grand Andaman Trunk Road being built through their country side had been diverted.

2.32. The Committee enquired whether the forestry activities also had in any way disturbed the aboriginals in their natural habitat. The Inspector General of Forest stated: "In 1947, when the islands were reoccupied there were certain areas which were already included by the British as a tribal reserve and the rest of the area was already under forest working. That practice has not been disturbed by the Forest Department."

2.33. In this connection the Committee note that the International Union for Conservation of Nature and Natural Resources Consultant in his report on land use in the Andaman and Nicobar Islands had made the following observations regarding Tribal Reserves:

"10.5. There would be no immediate difficulty about the creation of "Reserves" for the Andamanese, the Sentinalese, the Onges and the Shompens; in fact these already exist *de facto* if not *de jure*. The Jarawas present the most urgent problem and if the tract of territory over which they roam to the west of the GAT road alignment is to be allocated to them as well as regarded *ad virgini*—forest reserve (B.B.) a period of some friction along this frontier will have to be accepted. Friction will certainly be reduced if the present local policy of the halting development along the GAT road is continued but no one knows if the territory available to them is sufficient for their needs."

2.34. Pointing out that the Nicobarese were being continuously exploited in their agricultural operations and even in their coconut and arecanut avocations by certain vested interests, the Committee enquired what steps had been taken by the Administration to prevent such exploitation. The former Chief Commissioner of Andaman Nicobar Islands replied thus:

"Nicobarese are largely concentrated in a small island called Car Nicobar which is roughly 49 sq. miles in area. Total Nicobarese may be in the neighbourhood of 20,000. 15,000 may be living in Car Nicobar. Their leader is Bishop Richardson. He is a Car Nicobari. He was awarded Uadam Shri and Padam Bhusan. He was a Member of Parliament representing Andaman and Nicobar Islands some years ago. He has given a lead to Nicobari people. He has brought them to the level where they are truly patriotic and dedicated people, people who are wedded to the country, proud of being Indians. Even earlier than Japanese occupation of the islands some traders having links

with Burma were operating in Car Nicobar Islands. After reoccupation the British found it necessary to provide merchandise and other commodities to the Nicobar group of islands and make for some arrangement whereby copra and other produce could be sent to India. At that time some traders were called in and some kind of trade arrangements were made with these traders. That sort of arrangement continued for several years, till it was felt that a better system for the tribal area might be to foster the idea of tribal cooperatives both at grass-root level of villages right up to the highest level of distribution to mainland. At that time the Chief Commissioner cancelled the licence or did not extend it, of traders who had monopoly interests. On this the traders went to the High Court and obtained stay order. Government is contesting this stay order. The case is still in the High Court."

"My predecessor's predecessor made an attempt. Government found itself helpless against the orders of High Court. As I said, Government is contesting the case in the High Court."

2.35. The Additional Secretary in the Ministry of Home Affairs added:

"This problem has not arisen now. It had come to notice quite some time ago. A regulation was made to the effect that these tribal areas will be declared as special areas, trade being allowed under the authority of licence so that exploitation will not be there. These licensed people will be controlled in the matter of pricing etc. It is true they started exploitation and that is why licence had to be cancelled. In the meantime when the Administration set up their own shops for making purchases etc. and that was held to be objectionable and contempt of court proceedings were drawn up against the Chief Commissioner and he was punished."

"We have examined legally and we are not satisfied; that is why we are contesting it. We are asking for early hearing. The hearing will be in next month or so. This could be thought of and further action could be taken."

2.36. The Committee wanted a comprehensive note about Government's policy and also the precise steps taken for the uplift of the various tribes in the Andaman & Nicobar Islands during the post-independence period. Information was also desired about the steps

taken to ensure that the Great Andamanese, who were stated to be on the verge of extinction, were protected and their survival assured. The Ministry of Home Affairs in a written note furnished to the Committee have stated*:

“The Scheduled Tribes in relation to the Union Territory of the Andaman & Nicobar Islands, declared as such under the Constitution (Andaman and Nicobar Islands) Scheduled Tribes Order, 1959 are:—

1. *In the Andaman Islands:*

- (1) Andamanese
- (2) Jarawas
- (3) Onges
- (4) Sentinalese

2. *In the Nicobar Islands:*

- (1) Nicobarese
- (2) Shompens

Steps taken by Government for upliftment of various Scheduled Tribes in the Andaman and Nicobar Islands are detailed briefly in the subsequent paragraphs.

Andamanese: The Andamanese who had been living a nomadic life in South Andaman areas have been resettled in Strait Islands. As their population have been dwindling, the Government is endeavouring to protect them and save them from extinction. A worker of the Bhartiya Adimjati Sewak Sangh, a Compounder and a Village Level Worker are living and working among them. The Andamanese are looked after by the Administration.

They are being provided with free ration and clothes and medical facilities. They are also provided with free seeds and seedling with a view to inducing them to a settled way of life.

Onges: The Onges live in two groups along the east coast of Little Andamans. The Administration is trying to settle them on coconut plantations specially planted for their benefits. An attempt is being made to wean them away from their migratory habits. A multi-purpose co-opera-

*Information not vetted in Audit.

tive society for the Onges has been registered. An attempt is also being made to take health and elementary educational facilities to these people. For the welfare of Onges, construction of family quarters for 30 Families, Community Hall, Maternity and Women Centre are proposed to be taken up. These efforts are being made to bring them to a settled way of life.

Nicobarese: This is the only tribe of significance from the point of view of numbers. They are a progressive tribe and have reached a stage in their advancement where they are in a position to take advantage of the normal welfare programme of the State. Two development Blocks are functioning for their benefit with Headquarters at Car Nicobar and at Nancowry. Welfare Schemes relating to this tribe aim at improving agriculture and animal husbandry, encouraging educational activities and providing better health service.

Shompens: They live in the hills and jungles of Great Nicobar Island. Contacts with them could be established only as late as in 1969. Efforts are being made to help them to take to a settled way of life. Efforts are also afoot to reach agricultural, educational and health facilities to them.

Jarawas and Sentinalese: The total number of Jarawas living is not exactly known. They live on the western coast of the Great Andaman Group. The policy of the Administration has been to establish friendly contacts with these tribes. For this purpose, gifts dropping is being done regularly. In the recent past, it has been possible to establish contacts with one of the Jarawas groups. In the coming years, it is intended to make concerted efforts to make contacts with them. The exact number of the Sentinalese is not known. According to one estimate, their number is about 50. They live in the North Sentinal Islands and lead an isolated life. The policy towards the Sentinalese is the same as towards the Jarawas. Recently, a Jarawas Cell has been set up in the Andaman & Nicobar Administration. In order to secure mutual understanding and gain confidence of the Jarawas, efforts are being made to learn Jarawas language and formulate Jarawas vocabulary. The local Unit of the Anthropological Survey of India is closely associated with the programmes relating to Jarawas and other Tribals. The

Superintending Anthropologist and one senior Technical Assistant, Anthropological Survey of India, Port Blair are members of the Jarawas Cell.

Efforts are also being made to contact the Sentinalese, but till now with little success.

A high level team with Dr. B. D. Sharma, Joint Secretary (Tribal Development), Ministry of Home Affairs; Dr. L. P. Vadyarthi, Head of Anthropological Department, University of Ranchi, Dr. N. C. Choudhary, Director, Anthropological Survey of India, Calcutta; and Dr. I. C. Verma, All India Institute of Medical Sciences as members visited the Islands in February, 1976 to look into the problems of these tribes and recommend measures for their preservation, growth and welfare. Shri S. M. Krishnatry, the Chief Commissioner, Andaman & Nicobar Islands was Chairman of this Team. Their recommendations are awaited."

2.37. The Andaman & Nicobar Administration also in a written note furnished to the Committee have given the following details of various measures, undertaken for the welfare of the tribals, under various plants now in operation:

General Development

- (i) Planwise, there was no programme for welfare of Scheduled Tribes of this Territory in the First Plan. In the Second Plan, an expenditure of Rs. 0.464 lakhs was incurred against the outlay of Rs. 1 lakh for undertaking various development works. The progress of tribal welfare schemes could not keep pace with anticipated expenditure because of difficult conditions prevailing in the tribal areas under which the work had to be done. An outlay of Rs. 6,500 lakhs was fixed for undertaking various programmes during the Third Plan period, against which an expenditure of Rs. 4.296 lakhs was incurred. During the 1st, 2nd and 3rd Annual Plans (1966-68) an expenditure of Rs. 1.675 lakhs was incurred against the outlay of Rs. 5.027 lakhs. In the fourth plan period, nine schemes involving an outlay of Rs. 6.090 lakhs were implemented by incurring expenditure to the extent of Rs. 5.423 lakhs. The schemes for the development of coconut and arecanut plantations, permanent resettlement of Nicobarese families in other Islands, improvement of housing conditions, sup-

ply of poultry birds, additional facilities for education, promotion of sports and games and improvement of water supply were implemented for the Nicobarese.

Uplift of Nicobarese

- (ii) Agricultural economy of the Nicobarese centres around their coconut and arecanut plantations. Demonstration on improved methods of raising coconut and arecaunt plantations in selected places were held.
- (iii) Under the scheme for improvement of housing conditions, building materials *viz.*, cement, timber and GCI sheets were supplied to the Nicobarese at ex-Port Blair rates and the cost of handling and transporting to Car Nicobar was subsidised.
- (iv) For development of poultry, improved poultry birds were distributed to the Nicobarese.
- (v) Additional facilities were provided for the education of the Nicobarese. These facilities included supply of free books, grant of two merit scholarships in each class in each school (one to a boy and the other to a girl), and additional stipend of Rs. 10/- (subsequently raised to Rs. 15/- per month) per student staying in hostels. A Kala Sangeet School was opened. Sports and games were encouraged among the Nicobarese youth. Water supply facilities were improved.
- (vi) One important scheme implemented during the Fourth Plan related to resettlement of 50 families in Little Andaman from Car Nicobar owing to pressure of population in Car Nicobar. Under the scheme, 100 families have since been shifted to Little Andaman for resettlement.

Uplifts of Andamanese

- (vii) Andamanese were settled in Strait Island. They were given ration, clothes, etc. free of cost. A social worker of the Bharatiya Adimjati Sevak Sangh is looking after the welfare of the Andamanese.

Uplifts of Onges

- (viii) A coconut plantation was raised at Dugong Creek (Little Andaman) during the 2nd and 3rd Plan periods for the benefit of the Onges. The Onges are coming round to a settled way of life, with the population as a focal point of their economy. Fishing equipment was provided to

them. At present the Tahsildar, Little Andaman looks after the welfare of the Onges. A Balwadi was started for the Onge Children.

Uplift of Shopmens

- (ix) Regular contact with the Shompens was established. A Nicobarese VLW was posted in Great Nicobar to keep contact with them. Various working implements like axes, dahs, chisels, crow bars, spades, fishing lines, aluminium degchies, clothes etc. were provided.

Uplift of Jarawas & Sentinalese

- (x) Continuous efforts were made to befriend the Jarawas and the Sentinalese by dropping gifts in their areas. One group of Jarawas showed signs of acceptance. Direct contact was established with this Group in early 1974 which is being continued and kept up. Two expeditions to North Sentinel Island were made in an attempt to befriend the Sentinalese.

Progress of Expenditure

The amount allocated and actually spent on these schemes during the year 1973-74 and 1974-75 are as follows:—

Name of the schemes—Welfare of Backward Classes	1973-74 Outlay	(Rs. in lakhs) Expenditure
1. Development of coconut arecanut plantations in Nicobar	0.075	0.084
2. Settlement of 50 families of Nicobarese in other Islands	3.150	0.014
3. Improvement of housing conditions of Nicobarese	0.070	0.032
4. Rehabilitation of Onges, Shompens and Andamanese	0.470	0.295
5. Supply of Poultry birds to Nicobarese	0.020	0.018
6. Additional Facilities for education of Nicobarese	0.535	0.832
7. Promotion of games and sports	0.080	0.058
8. Improvement of water supply	0.100	0.011
9. Gifts to tribals	0.040	0.024
TOTAL	4.540	1.485

1974-75

Outlay Expenditure	Remarks
1. Administration of sub-plans for tribals areas and special and supplementary schemes for development of Backward classes 2.080 (A Tribal Welfare Organisation with a Director of Tribal Welfare and supporting staff is proposed to be established).	The question of creation of posts required for establishment of Tribal Welfare has been taken up with the Government of India, Ministry of Home Affairs and the posts are yet to be created. The Multipurpose Cooperative Society is yet to be formed for which the Registrard Cooperative Societies has been moved. Therefore no expenditure could be incurred on these schemes so far.
2. Creation of infrastructure for rural development in backward area 0.770— (A Multipurpose Co-operative Society with Onges with 100% managerial subsidy for construction of godown is proposed to be established).	
3. Special Education programme for scheduled Tribes 1,550 0.328	
4. Supplementary schemes for health housing and other social services 0.600 0.476	
TOTAL	
<u>5.000</u>	<u>0.804</u>

A post of Assistant Commissioner has since been created. Action to fill this post is in hand.

The problems facing the Scheduled Tribes are stated to be, mainly, housing, health and social services. During the Fifth Plan period, schemes have been formulated to solve these problems to the extent possible. Such schemes are (1) Establishment of an Administrative Cell for implementation of Tribal Welfare Scheme (2) Creation of an infrastructure for rural development in backward areas (Onges settlement at Little Andaman), (3) Special Education and Housing Programme for Nicobarese, (4) Increasing friendly contact with Jarawas and Sentinalese, (5) Providing of welfare amenities to the tribals (Andamanese). The total outlay for the Fifth Plan is Rs. 25 lakhs per year and proportionate allotment is Rs. 5 lakhs per year.

2.38. The Committee could not themselves make a detailed examination (apart from the tour of their Study Team) of development programmes undertaken by the Administration. Fortunately, the Estimates Committee in their 87th Report (5th Lok Sabha) presen-

ted to Lok Sabha in December 1975, had made a study of these questions. It will be useful to refer here to some of their observations.

Expenditure on Tribal Welfare

2.39. The Estimates Committee in paragraph 8.6 of their 43rd Report (5th Lok Sabha) had made the following observations regarding expenditure on Tribal Welfare:

“The Committee are distressed to note that a sum of about Rs. 15,000 per year given by the Administration for the uplift of the Tribals, was mostly utilised towards payment of salaries and allowances of the social workers working with the tribesmen. The Committee are unable to appreciate why necessary funds were not earmarked and made available for the concrete welfare schemes for Onge tribe. They desire that this should be done forthwith.”

2.40. Government in their reply furnished to the Estimates Committee in November, 1973 replied as follows:—

“The grant-in-aid sanctioned during last two years to the B.A.S.S. (Bhartiya Adimjati Sewak Sangh), to cover the pay and allowances of the social workers is as under:—

1971-72	Rs. 20,2721.31
1972-73	Rs. 14,140.82

This grant is only a part of the total outlay of Rs. 8.278 lakhs earmarked under Tribal Welfare Schemes during Fourth Plan of which Rs. 1.480 lakhs was the outlay for the year 1972-73.

The Onges are still leading a semi-nomadic life and welfare activities among them can be taken up only gradually. A large coconut plantation has been raised near Dugong Creek and 46 out of 123 Onges have been settled near this plantation. Onges extract Dhup Resin from forest areas reserved for them and market Dhup and coconuts at Hut Bay in exchange for clothes and other consumers goods. Suitable schemes for the welfare of the tribal people have also been proposed in the Fifth Five Year Plan of this Territory.”

Medical Care & Social Service

2.41. In regard to medical care of the Onge tribals in Andaman and Nicobar Islands, the Estimates Committee had in paragraph 8.7 of their 43rd Report observed:—

“The Committee regretfully note that according to Government's own admission, there are no proper arrangements for providing medical care to the Onges. Due to paucity of Doctors in the Andamans, it has not been possible to provide a special doctor for them. The Committee feel that, in view of the limited number of Onge tribal in Andamans, the Administration should immediately take effective steps to improve the living conditions of the Onge tribals and provide medical care for them.”

2.42. It was stated by Government in reply:

“There is a dispensary at Little Adaman under the charge of qualified Doctor which provides medical aid to the general public of that Island including Onges. Medical care provided to Onges is considered adequate. It has been decided to depute a Sanitary Inspector from Port Blair to visit Little Andaman periodically to educate Onges on healthy living.”

2.43. In their 43rd Report (Para 8.8) the Estimates Committee had further recommended:

“The Committee would further suggest that social service organisations of proven merit and dedicated to the cause of tribals like the Remakrishna Mission might be got interested in the welfare of the Tribals on these Islands. Government may also consider approaching the Council on Medical Research and All India Institute of Medical Sciences to establish extension centres in the Andamans and Nicobar Islands for study in and providing intensive medical care to the Onges and other tribals whose numbers are fast diminishing.”

2.44. This recommendation has been accepted by Government and they have stated that necessary action to implement it would be taken by the Andaman and Nicobar Administration.

C. Policy Towards Tribals

2.45. After reviewing the implementation of their previous reports on Andaman and Nicobar Islands, the Estimates Committee in their 87th Report (5th Lok Sabha) had the following observations to make with regard to Tribal Development:

“9.11. The Committee are glad to note that Government have taken concrete measures for the sustenance and medical care of the Onge tribals by setting up a coconut plantation as also a dispensary for them. They are, however, concerned to note that the Great Andamanese which is a vanishing tribe and whose number is only 24 at present, are exposed to opium addiction. The Committee appreciate that the present plight of the tribe of Great Andamanese is a direct legacy of the erstwhile colonial administration and that a great responsibility devolves on the present Administration for promoting by all possible means the preservation and development of this tribe with its distinct individuality as healthy and esteemed members of the fraternity of Indian citizens. The Committee urge that every effort should be made to preserve this vanishing tribe by taking the help of socio-medical experts to wean them from opium addiction.

9.12. The Committee further note that there have not been many contacts with the Jarawas and Sentinalese tribals and that according to the Administration these tribals should be left alone for the next 8 to 10 years. The Committee feel that this period of 8 to 10 years is very long and that efforts should be made to gather anthropological knowledge about these tribals so as to establish closer contact with them with a view to ensure their survival. The Committee would like to stress that the preservation of the tribals is the foremost duty of Government and every effort should be made to save these tribals from extinction.

9.13. The Committee regret to note that although in their 43rd Report they had urged the Government to solicit the cooperation of social service organisation like Ramakrishna Mission for the welfare of the tribals and the Council of Medical Research and All India Institute of Medical Sciences to set up extension centres in the Andaman and Nicobar Islands for providing expert medi-

cal care to the inhabitants, no concrete action has so far been taken by Government in spite of their having sent earlier intimation of acceptance of this recommendation of the Committee. The Committee would urge that expeditious action should be taken to approach these organisations to work among the tribals.

- 9.15. The Committee are surprised to note that so far no separate Tribal Welfare Directorate has been set up in the Andaman and Nicobar Islands and the work is being looked after by the Deputy Commissioner in addition to his other duties. The Committee feel that the requirements of tribals need to be studied continuously in depth by persons who are well-versed in anthropology and sociology and have first hand experience of actual living conditions obtaining among the tribals. It should be possible for the Government to find the requisite expert personnel for providing guidance at the level of the Chief Commissioner and in the field within the current financial year.

The Committee have no doubt that in giving effect to the above recommendations Government would ensure that no avoidable additional expenditure is incurred as it should be possible to effect corresponding economy in Administrative staff by rationalisation."

2.46. A Study Group of the Public Accounts Committee visited the Andaman & Nicobar Islands to acquire first hand information about many problems involved in the inquiry. They learnt from the Chief Commissioner that the Great Andamanese numbering 23 had now been settled in Strait Island. The Study Group felt unhappy that perhaps some deleterious effect might have ensured the transplantation of a tribal population and hoped that all adequate steps had been taken to prevent such effects. They got a general reassurance from the Chief Commissioner but were further informed that in spite of intensive medical care and attention, the conditions of the Andamanese had not shown any improvement and that all-out efforts were now being made to put them back on a viable economic footing. The Study Group, however, felt that the Administration's view that the Andamanese had lost their 'will to live' could not be quite correct. It had been seen, the Group felt, from their own observation that the Andamanese were quite a lively tribe and were, like other normal people, very much interested in going places and

seeing things. Some could even converse in fluent Hindi which they must have learnt after a considerable effort which certainly required stamina and a sort of healthy mental curiosity.

2.47. The Study Group were told that a Great Andamanese, Shri LOKA, had recently been nominated as a Member of the Chief Commissioner's Advisory Committee. On behalf of the tribe, a representation was made and their difficulties, like those noted below, were placed before the Study Group:—

- (i) Restrictions on their movements:
- (ii) Lack of permission to visit places, Port Blair, Calcutta, Madras, etc.
- (iii) No boat was available for them, for even going to Port Blair. Bi-weekly service which was there had been stopped.
- (iv) They had no ready cash, with which to buy things they needed but which were not supplied by the Ration Shops etc.
- (v) Ration supplied was of inferior quality.
- (vi) Need for some sort of a subsistence allowance.
- (vii) Need for a regular teacher for this compact group of 23 people.
- (viii) During the President's visit, free Ferry Boat Pass from Port Blair to Andaman had been promised but the decision had not been implemented so far.

2.48. Regarding the problems of Jarawas and Sentinelese, the Chief Commissioner mentioned that so far as the Sentinelese were concerned they were in no mood to make any contact with the civilised world and attempts were being made to organise more frequent trips to their islands without landing ashore for dropping in the areas inhabited by them. He, however, informed the Study Group that exact response that might come from the Sentinelese would not be predicted at this stage. As regards Jarawas the Push Police was the only means of contact. Regarding the Nicobarese the Chief Commissioner stated that they were relatively a more advanced group.

2.49. The Study Group brought back with them lively impressions of the tribal people when they met and talked to them. In spite of their number being reportedly as low as 23 or so, the Great Andamanese, headed by a 'Raja' named Otap, a 65 year old of undoubted,

if perhaps untapped, capacity, cannot be brought of as a dying community bereft of the desire to live. The Onges or the Sentinelse who move about virtually in a state of nature needed not appear too strange to our country whose anthropological variety is so magnificently rich. The Shompen, perhaps numbering only 92 who live in isolation but contiguous to the comparatively advanced Nicobarese, cannot necessarily be a doomed little race. Being on a higher level of receptivity as far as "developmental and progressive" measures are concerned, the Nicobarese, with a substantial population and an 18 per cent literacy rate and taking to jobs in Government Departments, and elsewhere, have their own special problems, particularly because of the appearance among them of exploiting elements, and thus need all appropriate care. The Sentinelse, numbering about a hundred, appear from a study by the Planning Commission's fortnightly Yojana (already mentioned) to be an attractive, if entirely isolated, old stone age people—perhaps the one surviving, specimen body of palaeolithic man—whom we have just begun to try to win over. It is important that we proceed prudently and sympathetically and not alienate (and perhaps even unwillingly help eliminate) them. The Jarawas, whom we have still to wear away from their present 'hostility', seem from the Joyana findings as well as the observations of the PAC's study team to be a small (approx. 250) but lively and potentially talented people. Avoiding contact with us they have actually survived in a better and healthier manner than the Great Andamanese and the Onge, but our methods of dealing with indigenous races is by no means those of the former colonialists and we cannot think of the Jarawas as irrevocably hostile.

2.50. Among settlers from the mainland there are two categories: (1) old settlers who came before 1947; and (2) new settlers after independence. A great majority of 'convicts' in the old days preferred not to return home and brave problems of adjustment, but stayed on in the islands. In the process a new society, free from traditional social restraints, grew up, marriages often taking place irrespective of considerations of religion, caste, language or region. Among the 'convicts' were such people as the participants in the Moplah rebellion (1921), which is part of the grand story of Gandhiji's Non-Cooperation struggle, and these, as well as other Malayalis are an important element in the island population today. Burmans, Karens, Bhandus had begun to emigrate from before 1947, and form a small but distinct proportion. During and after the partition of India in 1947, Bengali refugees from the then East Pakistan were taken to the Andamans in a major influx, and they form today the biggest linguistic unit, generally doing well in agricultural pursuits, and

in spite of difficulties, retaining their cultural entity. Oraon, Munda and other tribals from Bihar's Ranchi region, recruited for work in the inlands, have settled in Port Blair and near-about, as have done labourers from Andhra, Tamil Nadu and other Indian States, though these latter are often temporary migrants. Besides, these are settlers who have been ex-servicemen from Punjab, Kerala, Maharashtra, etc. as well as groups of people manning business and the services, who, though they do not usually turn out to be permanent residents, contribute largely, as the islands' elite to the economic and social life of the region. This is not a precise enumeration by any means, but the intention is to indicate the fascinating and yet challenging ethnic situation in the Andaman & Nicobar Islands.

2.51. The Committee, studying the tribal situation in the Andaman and Nicobar Islands, can do no better than recall the words, still valid and vital, of Jawaharlal Nehru when, in June 1952, he addressed in New Delhi the opening session of the Scheduled Tribes and Scheduled Areas conference:

“..... So far we have approached the tribal people in one or two ways. One might be called the anthropological approach in which we treat them as museum specimens to be observed and written about. To treat them as specimens for anthropological examination and analysis—except in the sense that everybody is more or less an anthropological specimen—is to insult them. We do not think of them as living human beings with whom it is possible to work and play. The other approach is one of ignoring the fact that they are something different, requiring special treatment, and of attempting forcibly to absorb them into the normal pattern of social life. The way of forcible assimilation or of assimilation through the operation of normal factors would be equally wrong.”

“In fact, I have no doubt that if normal factors were allowed to operate, unscrupulous people from outside would take possession of tribal people. We must give them a measure of protection in their areas so that no outsider can take possession of their lands or forests or interfere with them in any way except with their consent and goodwill. The first priority in tribal areas, as well as elsewhere in the country, must be given to roads and communications. Without that, nothing we may do will be effective. Obviously, there is need for schools, for health-relief, for cottage industries, and so on. One must always remember, however, that we do not mean to interfere with their way of life but want to help them live it.”

It appears to the Committee that our development policy in regard to the tribal peoples of the Andaman and Nicobar Islands has continued over the years after the independence to be little more than 'ad hoc' and not firmly grounded on principles carefully thought out and sincerely implemented as Jawaharlal Nehru, representing the country's finest thinking on the subject, wanted it to be.

2.52. The Committee are well aware of the peculiar complexity of the hang-over from British rule in that island region. It was in pursuit of stark imperialist interests that Britain had sternly established a foothold in the islands. To begin with, "a shelter for their drifted ships" was found necessary, and when the islanders in their sparse and separated settlements naturally resisted, they were struck down by ruthless suppression and mass massacre. In pursuit, of their strategic and other interests, the British rulers of India consolidated their grip over the islands and from the time of the Great Revolt of 1857 onwards, set up in the remote territory across the dreaded 'black water' 'Kala Pani' prison fortresses for those whom they called dangerous criminals. In that category were the 1857-58 fighters as well as, later, the death-defying revolutionaries who struggled for the freedom of India, the object of the alien rulers having been to crush their spirit just as they had nearly decimated the aboriginal population. In the process, the British government had uprooted the tribal population from their own vast forest fastnesses and herded them together in the virtual concentration camps called 'Andaman Homes' where they languished and lost their native vitality. Since the second half of the 19th century, the population of the islands rapidly declined, this being the result (as Radcliffe-Brown states in his book "The Andaman Islands" ed. 1932) of "European occupation" and "new diseases that have been introduced among them". Except to some extent for the Nicobarese, the tribal picture in the entire region under British rule is indeed utterly dismal and a disgrace to "civilised" administration. It was, in the circumstances, no easy job for independent India redeeming the situation. The Committee feel, however, that even allowing for the formidable difficulties involved in the task, Government should have made better progress in effectively reversing colonial policies towards the tribal population and achieved happier results.

2.53. In the speech referred to earlier, Jawaharlal Nehru had spoken of tribal people "who sing and dance and try to enjoy life, not people who sit in stock exchanges, shout at each other and think themselves civilized". There is "no point"; he said "in trying to make them a second-rate copy of ourselves". It may be recalled that the great Albert Schweitzer who dedicated his life to Africa in expiation of Europe's crimes in that continent once said; "Yes, the African is

my brother—only he is some 10,000 years younger". Perhaps, it could be said that all aboriginals are indeed brothers to civilized man, only that they might be, 'younger' by several hundred or even several thousand years. The Committee, contemplating this fascinating subject and deeply conscious of the profound implications of the fact of our co-existence in India with tribes in varying phases of evolution, stress Government's responsibility not to rely on accustomed administrative measures in relation to the indigenous population in the Andamans and elsewhere, but to pursue earnestly a policy of never imposing upon them and by special, sympathetic and sociologically appropriate treatment, assimilate them in India's composite body politic, leaving them to their own vivid entity and yet at the same time enlisting their talents in tasks of reconstruction in our multi-coloured land. The Committee are happy that responsible witnesses before them, whether anthropologists or administrators, agreed with this basic approach to the problem.

2.54. It appears from the material before the Committee that tribes like the Andamanese, the Onges and the Shompen are perilously near a point where they might be extinct. However, the picture perhaps is not quite so dark. In spite of transplantation from their own island to another, and in spite of 11 out of 18 Onge infants born during the last five years not surviving, their vitality does not appear to have been totally sapped, and with special care they might well grow in numbers and strength. As indicated earlier, the Andamanese and the Shompen could also be nurtured into strength and enabled to play a role in their homeland. In regard to the Jarawas and the Sentinelese, both officially still considered 'hostile', the Committee are of the view that while adopting necessary security precautions, the Jarawas should be sought to be positively befriended and not frightened off contact with our people by such instruments as the so-called 'Bush Police' when they spontaneously resist encroachments on their land for purposes (to them unexplained) like road construction. It was heartening that the officiating Director of the Anthropological Survey of India agreed with the Committee on this issue, adding that "the sea and the forest have given sustenance to their (The Jarawas) life", and this must always be kept in mind. It is good to note also that, both in regard to the Jarawas and the Sentinelese the present Government policy is to pursue the possibilities of friendly contact, and that while the latter have responded not unfavourably since 1970, the former also seemed likely to drop their earlier intransigence when in 1974 they picked up, and did not (as previously) discard, gifts dropped in their area. The fact that the administration has taken up the question of learning the Jarawa language is a happy sign of the change in policy.

2.55. The Committee stress that care should invariably be taken not to encroach on the land traditionally occupied by the tribes nor to interfere in forests which are the source of their livelihood. There is plenty of room in the Andamans for developmental work to be undertaken without unduly disturbing the tribals in their natural habitat. It would only be by means of patient and truly sympathetic dealing with them that they can be won over to the idea of coming to terms with what we normally call 'civilization'. In this task, the Committee are of the view that Government should, by a special effort, enlist the cooperation of dedicated social workers, ready to brave exacting conditions of life and work. One laudable case of such cooperation has come to the Committee's knowledge, but the task requires a team of the right type of persons who would go to the islands and live and work in a truly missionary spirit.

2.56. The Committee are keen that all possible efforts should be made to improve the medical services so that the terrible possibility of any of the tribes dying out can be prevented. The number of Andamanese is stated to have risen, since 1947, from 19 to 24, but this is not good enough. They as well as other tribals have to be rescued from the clutches of diseases that 'civilization' had brought them. If the Andamanese (whose number appears still to be precariously low) are content with life in Strait Island where they have ostensibly been taken in 1969-70 in order that they might survive and improve, the matter may be left there, but if it is found, on deeper thought, more humane to let them live in their original habitat and in an environment of their choice, it should be done and with great care and sympathy. The Committee are doubtful if methods of segregation are at all helpful and wish that this issue is examined authoritatively and appropriate decisions taken. Wherever attempts at persuading the tribes to adopt a comparatively settled economic life by working on small coconut and other plantations or in such congenial occupations as fishing are successful, they should, with great sensitivity and caution, be proceeded with.

2.57. The Committee regret that in the First Five Year Plan there was no provision for the welfare of the tribes in the territory, that in the Second Plan only Rs. 0.464 lakhs out of an outlay of Rs. 1 lakh were utilised, that in the Third Plan, no more than Rs. 4.296 lakhs as against the outlay of Rs. 6.500 lakhs were spent, and that during 1966-68, an expenditure of Rs. 1.675 lakhs was incurred in the Annual Plans against the outlay of Rs. 5.027 lakhs. It appears that in the 4th Plan also nine schemes involving expenditure of Rs. 6.090 lakhs were undertaken but no more than Rs. 5.423 lakhs could be spent. What irks the Committee is that a large proportion even of such inadequate expenditure went towards the payment of

salaries and allowances, a fact commented upon by the Estimates Committee (vide 43rd Report—5th Lok Sabha). It is understandable that in the absence of an adequate infrastructure, productive expenditure of allocated funds becomes difficult. The Committee feel however, that this is a lag which should have been overcome earlier and trust that in future such deficiencies will be overcome.

2.58. The Committee find that not only for the tribal population but for all who reside in the region, the communications problem is acute. The several hundred islands have perennial sea roads but very few vessels to ensure communication. A well thought out instrument on varied forms of shipping seems urgently called for. The Committee Study Group saw for instance a village where there was just one compounder and any one falling gravely ill had to be taken to Port Blair two or three days journey away, and in the case of the tribals there was the further trouble that, even if willing for transportation, they might not get accommodation in the steamers plying. In spite of the Estimates Committee in their latest report asking for an Extension Centre to be set up in the islands by the All India Institute of Medical Sciences, all that the Public Accounts Committee could elicit was that in Little Andamans there is one doctor and a compounder and that a lady medical officer has also been posted. The Rehabilitation Department's proposal to set up a 30 bed hospital and in due course a chain of dispensaries one catering to every 200 families awaits sanction. The Committee urge that these and all possible ameliorative schemes should be implemented without delay.

2.59. The evidence of the Director of the Anthropological Survey indicated that Onges and Andamanese were sometimes found "hanging around" jetties and begging for food from the settlers. The Committee trust that the position has improved. Government stated during evidence that the Andamanese settled on Strait Island, were given free rations and other necessities and were also provided with seeds and seedlings so that they could settle into elementary economic activity. At Dugong Creek, there appears to have been set up a coconut plantation and fishing facilities for the Onges. A consumers' cooperative store, functioning at Hut Bay is also said to help the Onges market their honey and dhup resin. Assistance is reported to have been given to the Shompens in a similar way. The Committee welcome such steps and wish they are followed up always in a way that tribal susceptibilities are not hurt.

2.60. The Nicobarese are from all accounts comparatively advanced and development blocks are said to be functioning well at Car Nicobar and Nancowary, with special stress on the improvement of

agriculture and animal husbandry. Demonstrations on improved methods of raising coconut and arecanut in plantations are known to have been held. For stepping up housing facilities, building materials have been supplied to the Nicobarese at Port Blair rates. The Committee have learnt also of improved poultry practices introduced there. However, this apparently pleasant picture is disturbed by the fact of economic exploitation which has been commented upon by the Estimates Committee (para 4.85 of 87th Report, 5th Lok Sabha) and will be discussed later in this report also.

2.61. The Public Accounts Committee share the anxiety of the Estimates Committee on this score. The Committee's Study Group have also reported their unhappiness at the hierarchical authority (through the system of 'captains') reportedly exercised by certain Nicobarese leaders and the power they have over the entire tribe, power now augmented by their grip also over the amenities introduced, by the administration. The Nicobarese are a hardy, gifted people who are an asset to the entire country and must not continue to live under such undesirable constraints. The Committee are of the view that in the context of the country's present-day aspirations for rapid development, special attention should be directed towards an understanding of the socio-economic situation of the Nicobar islands and a fuller utilisation of their potentialities.

2.62. An important aspect of tribal welfare is the problem of educational and social needs. A worker of Bharatiya Adimijati Sewak Sangh is said for some years to have been living and working among the Andamanese in Strait Islands. Plans for the construction of living quarters for some 30 families, a community hall, maternity and Women's Centres, are proposed to be undertaken. A 'Balwadi' has been started for the Onge children. The Estimates Committee in their 43rd Report had recommended that social Service organisations of proven merit, and genuinely dedicated to the cause of tribals, might be persuaded to take part in welfare work in the Islands. That Committee, after observing that nothing had been done on such lines over the years, had, in their 87th Report (1975-76) urged Government to approach organisations like the Ramkrishna Mission again without delay. The Committee feel strongly the imperative necessity of getting a truly devoted hand of social workers recruited from the youth of India to work among the tribals and help them to cooperate in evolving a new free life for themselves. The so-called hostile tribes should also be gradually brought within the purview of such work. The Committee have every hope that given the will, such noble and necessary tasks can well be undertaken by our people.

2.63. The Committee are glad that an Advisory body has been constituted, comprising the Chief Commissioner of the Andaman and Nicobar Islands, the Joint Secretary, Tribal Development in the Ministry of Home Affairs, Director, Anthropological Survey of India, a representative of all India Institute of Medical Sciences and a well known Anthropologist to advise the Chief Commissioner in matters relating to the tribal population. The Committee hope that the Advisory Committee which had visited the Islands in February 1976 have been able to formulate a clear-cut programme to be followed in this regard. The Committee would urge the Advisory Committee to submit its report soon, if it has not been done already, and ask Government to undertake follow-up action without delay. The Committee expect that the recommendations of this body would focus attention meaningfully and effectively on the precise problems and difficulties of all tribals (and not one tribe along viz. Andamanes which seems to have belatedly come for specific consideration in the Fifth Plan) in the correct ecological and sociological perspective. There should be no further delay in the country's advance towards the implementation of our national policy on the lines that Jawaharlal Nehru had, with his wide humanity and imaginative sympathy with our retarded fellow-human beings, laid down luminously some twenty-five years ago.

CHAPTER III WORKING OF THE FOREST DEPARTMENT

A. Introduction

Audit Paragraph

(a) OBJECTIVES OF FOREST DEPARTMENT

3.1. The Andaman and Nicobar Islands consist of 319 Islands—258 islands in the Andaman group with an area of 6,340 sq. kms. and 61 islands in the Nicobar group extending over an area of 1,993 sq. kms.

3.2. Out of the total land area of 8,333 sq. kms., forests occupy 7,467 sq. kms. (about 90 per cent). Of this, 2,434 sq. kms. in the Andaman group have been declared as reservē forests and 3,620 sq. kms. as protected forests. The forests in the Nicobar group have not yet been tapped, except for preliminary exploratory studies and some clear felling in the Katchal island for rubber plantation and in Great Nicobar for settling families of some ex-servicemen. Thus, the forestry activities are at present mainly restricted to the Andaman group.

3.3. The extraction of timber from the Andaman forest is generally done departmentally. However, from 16th December, 1961 the Department has given on lease certain forest areas and coupes to private contractors and the local wood based industries; prior to this, North Andaman forests were also leased out to a private firm on a long term basis but the contract was cancelled with effect from 21st December, 1968.

3.4. The Andaman Forest Department (established in 1833) was declared as a commercial department in 1929 and its objectives were outlined, from time to time, in the successive working plans prepared for the exploitation and development of the forests. At present, the activities of the Department are guided by the working plan prepared in 1951 with certain modifications necessitated by the introduction of colonisation and rehabilitation schemes and the categorisation of certain areas as tribal reserves. The general objectives of the Department as envisaged in the successive working plans are:

- (i) to improve and convert the existing irregular forests into

more or less normal forests by the adoption of suitable regeneration techniques;

- (ii) to increase capital value of the forests by ensuring better yields of commercially valuable indigenous species and introducing commercially valuable exotics, such as teak, into the natural complex;
- (iii) to provide timber to meet the requirements of various industries in the Andaman islands and the mainland of India;
- (iv) to provide for legitimate requirements of forest produce of the local population;
- (v) to promote extraction and marketing of lesser known species in order to derive the maximum benefit from the forest; and
- (vi) to realise maximum possible revenue in consonance with the above objects.

3.5. With the above objectives in view, the forestry and trading activities of the Department are run side by side. As part of the forestry activities, the Department has undertaken reasearch and training programmes and surveys along with the natural regeneration schemes. For the trading activities, the Department owns two saw mills at Chatham and Betapur and runs two sales depots at Howrah and Madras for the disposal of logs, sawn timber, etc. in addition to direct supplies to certain mainland consumers, like the Railways, through the DGS&D etc.

3.6. Till 1961, the working plans were mere 'lumbering' plans governed by considerations of market demand and transport facilities and the primary objectives of forest management *viz.*, silviculture, conservation, regeneration, etc. were relegated to secondary importance. With the objective of reorienting forestry activities, the working plans for the South and Middle Andaman Divisions were revised in 1961 and 1971 to place greater emphasis on these aspects of scientific forest management.

3.7. The working of the Department was examined by the Public Accounts Committee in their 74th Report (4th Lok Sabha—April 1969) on the basis of the Audit Report (Commercial), 1968. The action taken on the recommendations of the Public Accounts Committee is contained in their 96th Report (4th Lok Sabha—January 1970). The present review contains data for the years 1969-70 to 1972-73. As the proforma accounts for 1973-74 have not been prepared by the Department, the data for that year has not been incorporated.

The review was issued by the Accountant General, Central, Calcutta on 17th August, 1974 to the Ministry of Agriculture, whose reply is still awaited (December, 1974).

[Para 50.1 of the Report of C&AG (1973-74—Union Government (Civil) pp. 141-142].

3.8. The Committee enquired if the results of the preliminary studies said to have been undertaken in the Nicobar Group and some clear felling in the Katchal and Great Nicobar Islands were available and desired to know the action taken thereon. In a written note furnished to the Committee, Government have explained the position thus:—

“Preliminary studies undertaken with regard to Nicobar Island are as follows:—

- (1) Partial enumerations of the forest of the major islands in the Nicobar group have been completed. These enumerations have revealed that the average stock of commercially utilisable timber is 35 cu.m. per hectare. Further classification of the commercial timber has also been undertaken and analyses have shown that the composition is as follows:

Plylogs	:	50 per cent
Match logs	:	8 per cent
Saw logs	:	42 per cent

- (2) Experimental plantations of indigenous as well as exotic species have been undertaken. Results so far indicate that the potential for plantation of these species is favourable.

The results of above exploratory studies have been taken advantage of in the preparation of the Project Report for setting up of the Andaman and Nicobar Forest Development Corporation.”

3.9. The Multi-Disciplinary Study Team on the Andaman & Nicobar Islands which was appointed to study the impact of deforestation on environment and examine the suitability of forest areas now being cleared for agriculture and plantation crops has referred to the vast untapped forest resources of Andaman and Nicobar Islands. To quote:

“While the forests, especially the evergreen type include a great variety of trees species, very few of them have been found commercially useful. Working for timber from

these forests has developed all along on the basis of selective felling of marketable species only, as a result of which, the forests have been worked so long limited to almost entirely selective exploitation of the readily accessible areas. In the Nicobars, also in Little Andaman, vast areas of virgin forests await utilisation.

While forestry operations are going on in Andaman islands for more than 80 years now, much of it still remains virgin especially (1) along the west coast (2) in North Andaman (3) in many similar islands of the group, and (4) in the interior or high elevation areas not readily accessible from the seas and creeks. Only areas from which extraction *via* seas and creeks is practicable have been clearfelled to introduce teak. The Nicobar forests have received no attention except for exploratory studies and for the very recent clearfelling for rubber planting and for colonising ex-servicemen families."

Audit Paragraph

(b) DEVELOPMENT SCHEMES

3.10. The development and exploitation of forests in the islands on modern scientific lines got impetus during the five year plans. While no scheme was undertaken by the Department in First Plan (1951—56), Rs. 93.05 lakhs and Rs. 41.39 lakhs were spent during the Second (1956—61) and the Third (1961—66) Plans respectively on the execution of different schemes (*vide* Annexure* I and II).

3.11. The schemes formulated for execution during the Fourth Plan (1969—74) placed emphasis on;

- (i) increasing the productivity of forests;
- (ii) linking forest development with various forest-based industries;
- (iii) developing forests as a support to rural economy.

3.12. It also visualised activities in continuation of earlier plans, *viz.* creating large-scale plantations of valuable quick-growing species and species of economic and industrial importance, intensive exploitation and rational utilisation of existing forest resources, re-generation of extracted areas, etc.

*Not reproduced.

3.13. With these broad objectives in view, nine schemes were formulated for execution during the Fourth Plan period. Brief details of each of these schemes are given in Annexure III*.

3.14. In addition, schemes for intensification of forest management to ensure optimum utilisation of forests and to serve as a base for the establishment of wood and wood based industries have also been drawn up for (i) the creation of a division at Little Andaman, (ii) the strengthening of staff at headquarters and (iii) the expansion of utilisation division. These schemes are stated to be under scrutiny by the Planning Commission.

[Para 50.2 of the Report of C. & A.G. (1973-74), Union Government (Civil), pp. 142-143].

3.15. The development of forest resources, forest policies and practices and the questions of forest management and utilisation were examined by the National Council of Applied Economic Research in their Economic Survey of the Andaman & Nicobar Island in 1972. The Committee found that the NCAER had made a number of suggestions for the development of forests in Andaman. While some of these suggestions have been accepted by Government for implementation, it has not been possible to accept other suggestions. The main difficulties mentioned by Government in implementing the suggestions of the NCAER regarding forest development scheme can be enumerated as follows:

- (i) Lack of suitable harbour in the Island Group for shipment of timber.
- (ii) Lack of infra-structural facilities particularly communication and harbour as well as heavy financial investment.
- (iii) Limitations to expand departmental working.
- (iv) Some of the logging equipment has still to be imported. Further due to the humid tropical climate, cost of fuel lubricating oils, repairs etc. and lack of trained operators, the equipment and machines already in use have not helped much in reducing the extraction cost substantially.
- (v) Movement of logs in and from these islands depends upon the availability of shipping facilities as well as the market demand. In spite of their best efforts, shipment is often delayed and the Forest Department has no control over the movement of ships.

3.16. Since lack of finances has been mentioned as one of the reasons for the non-implementation of the forest development

*Not reproduced.

schemes, the Committee pointed out to the representatives of the Forest Department the fact that during the First Plan Period (1951—56) no Scheme for the development of Andamans was undertaken, and during the second and third Plans only Rs. 93.05 lakhs and Rs. 41.39 lakhs respectively were spent. The Committee enquired the reasons as to why Government neglected the Islands during the first three plans so callously. The Inspector General of Forest, in reply, stated during evidence:

“It is true that in the First Plan there was no component for the Islands. I think it was connected with the fact that the Islands were completely evacuated during the Second World War. The whole Government machinery including the Forest Department was being re-established, but I am not sure of the reason. In the Second Plan, out of Rs. 93.05 lakhs allotted, Rs. 80 lakhs was for colonisation schemes which were executed by the Forest Department, so that the plans for the improvement and development of forests were only for Rs. 13.05 lakhs. During the Third Plan the development activity accounted for Rs. 41.39 lakhs and during the Fourth Plan it was Rs. 71.89 lakhs. During the Fifth Plan a much larger provision of Rs. 475 lakhs has been kept, but this also includes equity contribution to the proposed Forest Department Corporation.”

3.17. The Additional Secretary in the Ministry of Home Affairs, added:

“I myself do not know because it was some years ago, but I can furnish the facts to you later on, but I must say that Andamans have been receiving in all the plans greater attention and the investment has been much more than in other areas.”

3.18. The former Chief Conservator of Forests, Andamans, stated:

“From 1960 onwards I was working in the Andamans. During the First Five Year Plan we did not take up any scheme. For the exact details why we did not take up, how much money we spent for the First Five Year Plan, how much we spent in the Second Five Year Plan, etc. We would like to submit a separate note.” “From the Third Five Year Plan onwards we have been trying to increase our regeneration of the commercially important species like teak and other species. In 1954 we introduced teak plantations. We are trying to increase year after year. At present we are adding about 600 hectares per year. Our

main object had been to increase these teak plantations and in natural regeneration also we have been going ahead but in a slow pace. I submit it is a fact that we have not asked for larger funds except in the recent past."

3.19. The Committee desired to be furnished with a note on the development schemes finalised for implementation during the Fifth Five Year Plan and the capital expenditure proposed to be incurred thereon. In reply the Department of Agriculture have stated that a provision of Rs. 475 lakhs has been approved for the equity share capital of the Forest Development Corporation. The year-wise outlays are determined in consultation with Planning Commission. The table below gives the outlay for the Fifth Plan, outlay approved for 1974-75, actual expenditure during that year, and outlay approved for 1975-76:

Union Territory : Andaman & Nicobar Islands Sector : Forests
(Figures in lakhs of Rupees)

Sl. No.	Scheme	Fifth Plan Outlay **	1974-75		1975-76		1976
			Outlay approved by Planning Commn.	Actual Expenditure	Outlay approved by Planning Commn.	Anticipated Expenditure	Outlay proposed
1	2	3	4	5	6	7	8
1.	Plantation	33.024	12.128	13.272	12.000	10.975	12.480
2.	Research	2.425	0.750	0.669	1.000	0.850	1.000
3.	Consolidation	5.120	1.000	0.926	4.000	4.160	4.500
4.	Nature Conservation	5.303	1.620	0.831	2.000	1.830	3.650
5.	Minor Forest Produce	0.400	0.400	0.314	0.400	0.400	0.400
6.	Training	3.135	0.710	0.192	0.700	0.675	0.720
7.	Working Plan	3.000	1.000	0.851	1.400	1.045	1.400
8.	Timber Operation	2.000	4.600	1.012	..	1.950	..
9.	Intensification of Management	14.920	4.118	1.904	5.362	5.948	6.696 2.032*
10.	Communication/ New Construction	2.920	3.000	2.435	3.880	3.880	2.880
11.	Building Construction	2.750	3.000	2.471	4.258	4.287	3.274
12.	Construction of Slipway	..	Nil	..	Dropped	..	..
TOTAL		75.000	32.326	24.877	35.000	35.000	37.000 2.032

*If formation of Corporation is finalised amount to be withdrawn.

**Rs. 475 lakhs for all schemes including equity share capital for Corporation.

1	2	3	4	5	6	7	8
13. Equity Share Capital for Forest Corporation Expenditure)		400.000	..	35.000	44.000	..	43.000

3.20. The Committee also desired to know the extent to which the objectives sought to be achieved by the implementation of the aforesaid schemes were actually achieved. The Department of Agriculture have furnished the following statement:

Sl. N.	Items of the Scheme	Objectives	Achievement
1	2	3	4
1.	Plantation of Industrial & Commercial uses	Creation of plantation of valuable exotic and indigenous species @ 600 hectares per year.	623 hectares of plantation were raised and maintained
2.	Forestry Research	Maintenance and expansion of Silvicultural Research Gardens and trials and experiments on indigenous and exotic species.	Growth and phenological data on exotic and naturally regenerated indigenous species were collected. Experiments on tropical pines were initiated.
3.	Consolidation	Survey and demarcation of reserved and protected forests @ 50 k.m. per year.	40.65 k.m. demarcated and surveyed.
4.	Nature Conservation	Enforcement of Wild Life Protection Act, 1972 and Maintenance of Port Blair Zoo.	Staff positioned for enforcement of Wild Life Act. Port Blair Zoo was expanded.
5.	Development of Minor Forest Produce	Raising of cane and bamboo @ 60 hectares per year.	Plantation raised in 60 hectares.
6.	Training of staff	Expansion of local forest school and training of 3 Rangers candidates in the mainland.	Three Rangers candidates were deputed for training on the mainland.
7.	Working Plan	Collection of data and survey work for preparation of Working Plan for North Andaman.	Field work completed and data processing remained in progress.

1	2	3	4
8.	Timber Operations	Construction of one motor boat and purchase of extraction equipments.	One motor boat is under construction.
9.	Intensification of Management]	Establishment of Spl. C.C.F.'s Office and opening of Little Andaman Division.	Objective acheived.
10.	Communication	Construction of roads @ 1.k.m. per year and tramlines @ 2 k.m. per year.	Objective acheived.
11.	Building	Construction of Residential and non-residential build-ings in various Divisions.	75% of construction of D.F.O's quarter and office in Little Andaman completed.

Audit Paragraph

(c) IMPACT OF FORESTRY ACTIVITIES ON THE SOCIO-ECONOMIC LIFE OF THE ISLANDS

3.21. The Andaman Forest Department is the second largest department in the Islands. The activities of the Department have generated considerable employment opportunities, both directly and indirectly. For its various departmental activities, about 4,500 workers are employed, in addition to employment of labourers on casual basis during fair weather. The forest-based industries now provide employment to more than 60 per cent of the industrial workers in the Islands. Out of the total revenue receipts of Rs. 332.56 lakhs in 1972-73 of the Islands, the revenue receipts from the Forest Department were Rs. 222.34 lakhs, the income from royalty being Rs. 15.74 lakhs. In addition to the direct revenue, the activities of the Forest Department have contributed indirectly to the generation of substantial portion of other income and revenue like Central excise duty, Income-tax, shipping freight, etc. With the establishment of forest-based industries in the interior islands like Long Island, Bakultala etc. villages have also grown round these establishments, besides the development of infrastructure leading to improved living conditions. The contribution of the Forest Department to the economic development of the Islands has thus been quite considerable.

[Para 50.6 of the Report of C & AG (1973-74)—Union Govt. (Civil) p. 157].

3.22. The forests are by far the richest natural endowment in the Andaman and Nicobar Islands. A unique feature of these forests is their immensity and a sort of pervasive presence in which one feels humble and wishes it to be always there and never tampered with. In the Andaman group which once had a sparse indigenous population, dense forests covered the entire land surface from the edge of the sea right upto the crest and ridges of the hills. Many tropical forests elsewhere have been fragmented, but in the Andaman and Nicobar islands, the forests which can still be called primeval are a mighty and awe inspiring sight. Out of the total land area of 8333 sq. km. the forests thus occupy 7467 sq. km., about 90 per cent. Forestry activities on an organised scale are at present restricted to the Andaman group of islands, the Nicobar forests having had only a preliminary survey. Extensive clearances, however, have been made especially around Port Blair and contiguous sites in order to facilitate settlement and agricultural expansion. Until recently these clearances had been confined to the South Andamans, but during the last 20 years or so deforestation has proceeded also in selected valley lands and coastal flats carrying dense forest strands in the Middle and North Andamans, Little Andaman, Katchal and Great Nicobar Islands, for the same aforesaid purposes. The Committee are happy that at the instance of the Prime Minister a multidisciplinary Study Team has looked into the problem of the impact of deforestation on environment. The Committee endorse the view of the said Study Team that while remaining alert to the changing needs of the times very careful thought has to be given to the eco-biological factors of the situation and the capabilities of forest land to serve a particular land-use programme. The Committee trust that the Andaman administration would avoid short-sighted actions that threaten to reduce the importance of what is called resources utility as well as the environmental stability of a truly sensitive region.

3.23. The Committee note also the information brought to light in the report of the Study Team about the non-utilisation of forest resources. It appears, for instance, that though the idea had been to base forestry operations almost entirely on selective exploitation of the readily accessible areas: vast areas of virgin forests in the Nicobars as also in Little Andaman await utilisation on the same criterion.

3.24. The Committee find that the Report on Land Use in Andaman and Nicobar Islands by the consultants of the International Union for Conservation of Nature and Natural Resources has em-

phasised the need for conservation of forest resources and has observed also that the economy of Andaman and Nicobar Islands has to be based on forestry and forest products if severe damage to the island environment is to be avoided. The Committee hope that in the light of the findings of these two expert Committees Government would judiciously utilise large areas still lying untapped in the islands but also very carefully ensure that there is no unscientific and excessive encroachment on the island regions forest wealth which must be properly conserved.

3.25. The Committee regret that while, inexplicably, no schemes of forest utilisation were undertaken in the First Plan period (1951—56), the Forest Department spent out of its allocation of Rs. 93.05 lakhs as much as 80 lakhs on colonisation schemes, leaving a meagre 13.05 lakhs for expenditure on forest work. During the Third Plan forest development expenditure increased somewhat to Rs. 41.39 lakhs. The Fourth Plan expenditure on this account amounted to Rs. 71.89 lakhs. The provision in the Fifth Plan is considerably larger, namely Rs. 475 lakhs, the figure including Government's equity share capital contribution to the proposed Forest Development Corporation from the perusal of the Annexure. to audit paragraph the Committee find that there has been persistent shortfall in plan expenditure on forest development from year to year. Even the execution of some of the schemes taken up during 1974-75 lagged behind. For example, survey and demarcation of reserved and protected forests was planned at the rate of 50 km. per year but only 40.65 km was demarcated and surveyed. Similarly, the raising of cane and bamboo was planned for 60 hectares per year, but plantation was raised in a total of 60 hectares only. The Committee would like to know the reasons for such shortfall and the steps if any, to prevent such recurrent failure. The Committee stress the need for prudent and efficient utilisation of plan allocations with a view to achieving the targets of advance. Forests are the main prop of the economy, and indeed, of the life of the island. It will be a pity if even the allocated funds are not put to the best use. Forest-based industries provide employment to more than 60 per cent of the islands' work force. A large proportion of the revenue also accrues from the forest receipts. In addition to the direct revenue generated, forest department can contribute effectively towards a concomitant growth of the economy and increase of the income of the State. The Committee would strongly urge that the forest development schemes should be carefully reviewed and capably and thoughtfully executed keeping constantly in view the over-all and somewhat character of the problems of development in the islands. In

later sections of the chapter the Committee deal with certain specific aspects of forestry activity like Timber extraction, Mill operation, Trading activities and gainful employment of equiptmental stores.

B. Timber Extraction

Audit Paragraph

(a) Quantity of timber extracted.

3.26. The Andaman forests have generally been underexploited. Out of more than 100 species of trees available in these forests, only about 40 have been found to be commercially useful and marketable and these species constitute about 25 to 30 per cent of the standing tree crop.

3.27. The quantity of timber extracted during the period 1969-70 to 1972-73 is indicated below:

(Cubic Metres)

Year	Target	Quantity actually extracted	Percentage extracted
1969-70	77,900 (55,012)	73,363 (51,809)	94.2 (94.1)
1970-71	78,000 (55,083)	71,530 (50,514)	91.7 (91.7)
1971-72	78,000 (55,083)	75,852 (53,567)	97.25 (97.25)
1972-73	78,000 (55,083)	70,020 (49,448)	89.8 (89.7)

NOTES : 1. The figures in brackets represent the equivalent in tonnes.

2. One cu. m. — 35.31 c. ft.
50 c. ft. — 1 ton.

3.28. The target of extraction was not achieved in any of these years even after the acquisition of an additional tractor with hyster winch, two trucks and five elephants during 1970-71 at a cost of Rs. 3.5 lakh_s under scheme No. 7 referred to in Annexure III.* These were acquired as part of the additional equipment for increasing the extraction of timber from the existing level of 77,000—79,500 cu. ms. to above 1,04,500 cu. ms. per year but were treated as replacements of the existing equipment on account of the fact that no new equipment and elephants were purchased during 1966—70.

*Not reproduced.

3.29. The Ministry of Agriculture stated (June 1973) that due to indifferent performance of the extraction equipment and further entry into remote areas, the targets could not be achieved para 50.3.01 of the Report of C&AG (1973-74), Union Government (Civil) 143-144).

3.30. The Committee learn that, the yearly targets for the extraction of timber were fixed as follows:—

“After carrying out enumerations, the growing stock of the forest areas is assessed. On the basis of conversion period, the yearly area for exploitation is determined. The estimated growth in the area thus computed is the yearly target for extraction of timber.

3.31. In a note the Ministry have furnished the quantity of timber extracted during the years 1973-74 and 1974-75 as follows:—

Year	Target	Quantity actually extracted	Percentage
(In cubic metres)			
1973-74	78,000	65,572	84.1
1974-75	78,000	78,927	101.2

3.32. It would be seen from the above figures and those given in the audit para that the percentage of actual extraction has instead of increasing actually deteriorated during the years 1972-73 and 1973-74. Only in the year 1974-75 there has been slight increase in actual extraction.

3.33. Pointing to the fact that the quantity of timber actually extracted during the periods 1969-70 to 1973-74 was always less than the targets fixed, the Committee enquired whether the reasons for the non-achievement of targets were periodically ascertained and necessary remedial measures taken. If so, how was it that the targets could not be achieved in any of the years during 1969-70 to 1973-74. The Committee further desired to know whether any exercise had been carried out by the Ministry to assess the financial effect of these targets on the working results of the Department. In a note dated 24 March, 1976, the Ministry have stated thus:—

“Although annual target is a fixed quantity prescribed in the working plan, actual performance is dependent upon a number of factors like status of equipment, shipment position:

etc. The progress is periodically reviewed during the year by the Chief Conservator of Forests in the meeting of Divisional charges and organisational changes made to extract maximum quantity consistent with the situations developing from time to time. In such meetings, remedial measures are worked out, so that extraction does not slow down due to organisational bottlenecks. The target prescribed in Working Plan was not achieved in any of the years during 1969-70 to 1973-74 due to unavoidable working difficulties. As the quantity of logs annually extracted is consistent with the equipment and labour employed, and as it does not mean non-utilisation of equipment or labour, non-achievement of target would not have any adverse effect on the financial results of working."

3.34. In a subsequent note dated 18 June, 1977, the Ministry have further explained as follows:

"The main reasons for non-achievement of targets prescribed are as follows:

- (a) Frequent break-down of extraction equipment like tractors, locomotives and water crafts as these equipments are old and are not giving adequate service.
 - (b) Non-replacement of such old equipments as and when required on account of constraints of funds.
 - (c) Unavoidable delays in procurement of spare parts and stores from the mainland due to lack of regular and frequent communication facilities.
 - (d) Entry into remote and difficult areas for extraction.
- (ii) The annual targets are fixed with reference to available men and materials and the condition of extraction equipments. While, therefore, the targets fixed can ordinarily be achieved consistent with labour and equipment, unavoidable working difficulties like entry into remote and difficult areas hinder achievement of targets. However, such working difficulties are sorted out and targets fixed.
 - (iii) Care will, however, be taken to fix realistic targets keeping in view the various factors such as availability of men and material, condition of equipments, inaccessibility of areas of

operation etc. A review of the targets will be made from time to time and targets refixed formally, if necessary as a result of these reviews."

3.35. With regard to the Audit observation that certain equipment and elephants acquired under scheme No. 7 during 1970-71 at a cost of Rs. 3.5 lakhs, acquired as a part of the additional equipment for increasing extraction of timber from the existing level of 77,000—79,500 Cu.m. to above 1,04,500 Cu.m. per year, were treated as replacements of the existing equipment the Committee desired to know:—

- (a) The basis on which the extraction of timber was proposed to be increased by about 30 per cent over the existing levels, to 1.04 lakhs cu.m. per year and how were the requirements of equipment worked out, especially when it should have been known that the performance of the existing extraction equipment was indifferent and no fresh equipment had also been purchased during 1966—70.
- (b) The objects in view when the extraction of timber was proposed to be increased to 1,04,500 cubic metres per year. How were these objects proposed to be attained when the level of production of timber remained much lower than this target and in fact came down in 1973-74 as compared with the earlier years.
- (c) Any definite schedules which might have been laid down for the replacement of existing equipment as well as for the procurement of new equipment for attaining the desired level of extraction of timber. In case such a schedule had not been laid down, the basis on which the Andamans Forest Department assessed its equipment requirements.

3.36. In reply the Ministry stated as follows:—

"The departmental timber extraction programme was confined to the South and Middle Andaman Division only. Extraction operation in North Andaman Division was very much limited, as the area was leased out to M/s. P. C. Ray and Co. on long term basis. As the Company became inactive and the licence was revoked in December 1968, a programme of operation was prepared for extraction of timber in North Andaman Division. As the equipment available was inadequate for the purpose, a scheme "Timber Operation" for purchase of additional

equipment was drawn up with an outlay of Rs. 16 lakhs. According to this scheme, procurement of additional equipment was meant for taking up extraction in North Andamans, and for replacement of some of the existing machinery. Following equipment were proposed to be procured:—

(1) Crawler tractors with Hyster and other attachments.	.. .. .	2
(2) Elephants	.. .. .	10
(3) Diesel trucks	.. .. .	5

As the revocation of the licence was stayed by the High Court, the scheme was dropped. Only one tractor with Winch and spare parts was procured at a total cost of Rs. 3.5 lakhs. This tractor was meant for replacement of one of the tractors which had already gone out of commission.

- (a) & (b): The object in view to increase the target was to take up extraction in North Andaman area which was neglected for a long time by the Licensee. Soon after revocation of the licence, the immediate reaction of the Department was to take up extraction in this area. The requirement of additional equipment was worked out not only to achieve the enhanced target but for replacement of the existing machinery which had out-lived their period of economic life.
- (c) Based on the estimated economic life of each of the major extraction equipment schedule for replacement is drawn up and provision made in the budget. Actual procurement for replacement, however, depends upon availability of funds and promptness in receipt of the machinery. Due to budgetary constraints, it is not usually possible to procure the machinery required to be replaced. Procurement action also entails considerable delay because of foreign exchange, requirement, procurement formalities, transport difficulties etc. Action for procurement cannot, however, be taken very much in advance as replacement is generally allowed only when the old item has been written off."

3.37. The Committee drew the attention of the witness to the reply of the Department of Agriculture to the Committee's recommendation in the 74th Report according to which no

additional equipment and increase in men and material was necessary for an extraction programme of 60,000 tons of timber annually. The Committee also alleged alluded to the observation of the C&AG that 3 out of the six tractors purchased from the Relief and Rehabilitation Department on 29th January, 1966 had not been utilised at all till their disposal on 16th April, 1973. The representative of the Forest Department stated in reply:—

“...Mere physical number of tractors and trucks is not adequate. What is required in very difficult terrain and conditions is their efficiency and life span. Unfortunately, we have not been able to replace the old machinery as and when it was felt necessary.”

Audit Paragraph

(b) Utilisation of forests.

3.38. Timber and wood from Andaman forests have various applications—industrial, commercial and domestic. The useful and marketable species constitute, on an average, about 25 to 30 per cent of the standing tree crop. About 70 to 75 per cent of the standing tree crop at present do not, therefore, have any marketable use.

[Para 50.3.01(b) of the Report of C&AG (1973-74), Union Government (Civil) p. 144]

3.39. Among the various kinds of produce other than timber, Rattan Canes and Dhup resin are important.

3.40. During evidence, the Inspector General of Forests admitted that in the Andaman and Nicobar Islands as a whole there has been only a nominal, partial enumeration—two per cent in Great Nicobar and ten per cent in Little Andamans. He added ‘fifty per cent of the area will have to be kept as protected forests. Out of the rest some kind of productive forestry can be practised; the more mature and suitable wood will be converted into plywoods and the other areas will only be harvested on a selection basis, that is to say, only those trees which attain a sizeable girth will be removed and there will be a limit on the number of trees which have to be removed. There must always be a kind of permanent cover on the moderate slopes also in order to preserve soil from being washed away”.

3.41. Referring to the fact that against the potential of annual yield of about 3 lac cubic metres of wood only about 1 lac cubic metres were being exploited every year, the Committee enquired

the reasons for such under-utilisation. The Inspector General of Forests stated:—

“The main difficulty has been that of marketing the produce. In the past only very few species used to be taken out for commercial exploitation, about 5 or 6 species; now it has risen to 23 or 24 species. Still there are some species which are called secondary timbers for which no use has been found for the industry. This is being investigated. They could be used with suitable modifications in the particle-bound industry and perhaps in plywood industry also if proper specifications were drawn up. That type of research is being carried on and the range of species which is becoming exploitable is gradually increasing. Much of the material which is not being exploited at the moment is due to the fact that they do not find a ready market. The other difficulty is from the size point of view. Those trees which have got the biggest diameters and biggest dimensions, are most easy to sell. The smaller trees are not so easy to sell because wastage in their conversion is high and older types of plywood mills do not take small girth logs.”

3.42. The Committee felt it was strange that when there was shortage of timber products in the country, timber from Andaman and Nicobar Islands could not be utilised for lack of demand. The Inspector General of Forests in reply stated that there were certain difficulties in marketing the timber from Andaman Forests, for example, the cost of exploitation was much higher than that obtaining in the mainland. He added:—

“There are so many extraneous operations which we have to undergo, all of them contribute to swell up the cost of exploitation and therefore by the time all the timbers are brought to the mainland, the cost of production is so high that it is uneconomic for them to market them in competition with other mainland timbers. There are various other operations such as dragging, toeing, rafting, loading and bringing them to the port. These operations involve handling six times whereas in the mainland we handle only twice. The consequence is that it would be impossible to market Andaman timbers in the mainland after transporting them.”

3.43. The Committee pointed out that the private plywood companies functioning in Andaman Islands were able to carry out

their business profitably and enquired how they did not appear to suffer from the difficulties enumerated by the Inspector General of Forests. It was stated in reply that there was no comparison valid *abinito* between the marketing efforts of the private industry and that of Forest Department because the latter did not convert timber in the islands into plywood. Asked why the Forest Department also did not attempt to process the wood in the Island itself, it was said that the Department had it in mind also and that this was one of the reasons for the proposed setting up of the Forest Development Corporation.

3.44. Referring to para 50.3.01(b) of the Audit Report wherein it had been stated that while useful and marketable species of timber in the Andamans constitute only 25 to 30 per cent of the standing tree crop, on an average as much as 70 to 75 per cent of the standing tree crop do not at present have any marketable use, the Committee wanted a detailed note indicating (i) the efforts so far made or being made to determine whether the other species of trees available in the Andaman forests could be put to use and exploited commercially, (ii) the attempts, if any, made for the scientific upgrading some of these non-marketable species by treatment to enable their commercial exploitation and (iii) the attempts, if any, made for the commercial utilisation of hard wood and wood waste. In reply, the Ministry of Agriculture have explained the position thus:—

“70—75 per cent of the standing tree crop which at present do not have any market consist of (a) lops, tops and small timber of the commercial species exploited at present, and (b) species which are considered non-commercial.

As regards lops, tops and small timber, the normal usage is fuel and in the pulp industry as hardwood pulp. Fuel requirements in the Andamans are confined to the townships only whereas plantation activities requiring clear-felling the forest areas are located in areas far away from townships. Even the haulage and transportation costs cannot be met by despatching the lops, tops etc. to townships for use as fuel. As there is acute shortage of fresh water, it is not possible to think in terms of using waste wood as raw material for pulp. Due to prohibitive cost involved in handling and transportation of such waste wood to the mainland, it is also not possible to consider their shipment to mainland markets. For sometime to come, therefore, the lops, tops etc. as well as small timber cannot be profitably utilised.

Attempts were made to extract undergirth logs of commercial species for conversion in the sawmill. But, due to very low yield, it was found uneconomical to continue extraction of such low girth logs of commercial species.

It is only due to continuous efforts made to utilise the Andaman timbers that we have reached a stage where 30-35 species find market. For a long time, during British days, extraction was confined to mainly three species, viz. Padauk, Silvergrey and Kokko. After reoccupation of the islands in 1945, physical and mechanical properties of a number of species were studied and vigorous marketing efforts were made, as a result of which the present level of utilisation of Andaman species has been reached. Such efforts are being continued and one of the recent species to find end-use is *Myristica* (Jaiphal). The Forest Research institute and Colleges, Dehra Dun, maintains a close liaison with the Andamans Forest Department to assist them in the assessment of physical and mechanical properties of Andaman timbers.

No attempts have been made for the scientific upgrading of the timber species which are at present non-marketable, by treatment. A number of Andaman species of commercial value are highly perishable and they are at present marketed after treatment wherever end-use requires longer life. A timber treatment plant with an annual capacity of 1,400 cubic metres has been established in the Andamans wherefrom treated timber is supplied to end-users.

As already explained, commercial utilisation of wood waste has limited scope in the islands because of the high cost involved in transportation of the material for usage as fuelwood in the townships. Whenever plantations were raised in the vicinity of townships, the wood waste was disposed of as fuel.

The problem of non-utilisation of a major portion of wood raw material in Tropical Forests is not confined to the Andaman and Nicobar Islands alone. It is the problem all over the tropical forests. Heterogeneity of composition, diversified wood properties, variation in the availability of individual wood species are some of the common problems working against the fuller utilisation of tropical forests. effective usage of the resources of tropical forests is engaging the attention of the Food and Agriculture Organisation

also and a Committee has been constituted for forest development in the tropics, on which India is represented. The forests of Andamans are playing a meaningful role in achieving the goal of fuller utilisation of the available resources."

3.45. The Committee learn from Audit that utilisation of various components of the timber treatment plant of 1400 cu.m. capacity stated to have been established has been as follows:—

I. *Seasoning Kiln :*

Annual capacity—1,400 cubic metres.

Production

1970-71	. . . . .	1101'000	cu.m.
1971-72	. . . . .	1227'786	„
1972-73	. . . . .	126'208	„
1973-74	. . . . .	877'972	„
1974-75	. . . . .	962'127	„

II. *Ascu Treatment Plant*

Annual capacity (in 2 shifts)—1400 cu. m.

(700 cu. m. per shift).

Production

1970-71	. . . . .	824'12	cu.m.
1971-72	.. . . .	771'008	„
1972-73	. . . . .	845'153	„
1973-74	. . . . .	618'795	„
1974-75	. . . . .	895'166	„

III. *Creosoting Plant :*

Annual capacity : above 1500 cu.m.

1970-71	. . . . .	105'199	cu. m.
1971-72	. . . . .	174'813	„
1972-73	. . . . .	112'859	„
1973-74	. . . . .	72'971	„
1974-75	. . . . .	36'373	„

3.46. With regard to under utilisation of the timber treatment plant, the Ministry of Agriculture and Irrigation (Department of Agriculture) intimated the Committee on 11 April, 1977 as follows:--

“Treated timber is sold by the Andaman Forest Department on demand. When treated timber is required by the indentors, timber is treated in the departmental plant and supplied to them by charging extra at the approved rates. The under-utilisation referred to in the audit comments is on account of lesser demand for treated timber.”

Audit Paragraph

(c) Cost of Extraction

3.47. Extraction of timber involves selecting and marking the trees for fellings, conversion of the felled trees into logs or otherwise preparing them for removal from the site and transport of the converted material for disposal. The logging operations are closely interlinked with the problem of transportation and are, therefore, restricted to marketable species and as a result only about 40 per cent of the total volume of wood in the felled areas is extracted. This leads to considerable waste and high cost of extraction which seems to be unavoidable to a great extent till economic utilisation of hardwood and wood waste is developed.

3.48. According to the Department, trees which do not yield commercial timber are, as a rule, not felled. After extracting the commercially utilisable timber from the felled trees, the balance is left at site and is burnt or cleared with other forest growth when the areas are taken up for regeneration.

3.49. Out of 73,582 cu. metres of timber extracted annually, based on the average of three years from 1969 to 1972, about 6,228 cu. ms. (8.46 per cent) are consumed by the local matchwood factories, 34,188 cu. ms. (46.46 per cent) by the two Government saw mills at Chatham and Betapur, 16,120 cu. ms. (21.91 per cent) are sent to the mainland for disposal and the balance (23.17 per cent) is sold to Government departments, plywood factory etc. located in the Islands or is used for departmental requirements. At the time of preparing the annual budget the estimated cost of extracted timber up to the despatching point (in respect of logs sold to local private factories) as at the saw mills at Chatham and Betapur and that on arrival at

the Howrah and Madras depots is not worked out. However, the actual cost during 1969-70 to 1972-73 is given below:—

Year	Upto delivery depot	Average ex-mill cost	(Cost per cu.m.) (Rs.)	
			Howrah	Madras
1969-70	221.25	226.34	377.85	366.72
1970-71	240.52	250.45	367.37	448.53
1971-72	244.18	253.44	385.44	380.00
1972-73	275.63	271.83	438.56	448.21

3.50. The cost of logs upto the delivery depot and average ex-mill cost have been gradually increasing. The increase in cost has been attributed by the Department mainly to (i) increased cost of labour and (ii) rise in prices of general stores, such as P.O.L. etc.

[503.01 (C) of the Report of C&AG (1973-74) Union Government (Civil), pp. 144-145]

3.51. In a note to the Committee, the Ministry have furnished the quantity of timber extracted and the quantity disposed for the years 1973-74 and 1974-75 as under:

	Average of the figures of 1969-72 given in the Audit para	1973-74	1974-75*	%increase
Quantity of timber extracted (in cubic metres)	73582	65,572	78,928 c.um.	+20.48%
Quantity disposed to matchwood factories	6228	4,646	3,849 c.um.	-20.4%
Saw mills	34188	26,914	25,263 cu.m.	-6.1%
Mainland disposal	16120	20,951	21,769 cu.m.	+3.9%
Plywood factories and other Govt. Departments	Figures not given	10,848	10,522 cu.m.	+44.9%
Closing stock	Do.	10,834	28,359 cu.m.	+1299.7%

*Audit has pointed out that as the Proforma Accounts for 1974-75 are under audit these figures may be treated as provisional.

3.52. It would be seen that whereas (the quantity consumed by local manufacturers had shown a decrease, the quantity consumed by Government Mills had also shown a decrease; only the disposal of the mainland had slightly increased.

3.53. In a subsequent note the Ministry furnished the actual cost of extracted timber at various points of disposal during the years 1973-74 and 1974-75, as follows:—

(Cost per cu. ms. Rs.)

Year	Upto delivery depot	Average ex-mill cost	Ex-depot cost	
			Howrah	Madras
1973-74	299.68	305.98	480.32	476.80
1974-75	238.41	238.41	438.29	466.55

3.54. It would be seen from the above that in 1973-74 the costs of logs upto delivery depot, average ex-mill cost and Ex-depot cost at Howrah and Madras had registered a further increase over previous years. *The reduction in 1974-75 is stated to have been due to "adoption of rationalised system of accounting with regard to royalty on departmental extraction, interest on capital etc."

3.55. Referring to the point mentioned in the Audit Report that at the time of preparing the annual budget, the estimated costs of extracted timber at various points of disposal were not worked out, the Committee wanted Government to indicate the difficulties, if any, in estimating the cost of extracted timber and the milling cost at the time of preparing the annual budget and how effective control on cost of extraction, forestry operations, milling activities etc. was exercised in the absence of such vital information. The Committee further pointed out that the cost of logs upto the delivery depot and the average ex-mill cost had continuously risen upto 1974-75. In view of this phenomenon, they asked if it was not the duty of Government to work out this information before the Budget Estimates were prepared, so that there could be adequate control on the cost of extraction. In reply, the former Chief Conservator of Forests stated during evidence thus:—

"These are worked out. These figures are available. We will work out and submit details separately. We will give you the break-up also. We prepare this proforma

*Not verified by Audit.

account. In that account, these details are worked out, but at the time of preparation of budget, we have got rough details; actual details are not available”.

3.56. In a note the Ministry have explained the position thus:—

“Estimated costs of extracted timber at various points of disposal are not worked out. At the time of preparing the annual budget, direct charges for different operations like felling, logging, rafting, transport milling etc. are worked out and the forecast framed. Effective control on total cost of extraction, milling etc. is ensured on total regulation of actual costs for these operations against the budgeted amount. It is, therefore, not considered necessary to work out estimated costs at various points of disposal. Such a procedure is also not practicable as the disposal points vary during the year as railhead depots, ghat depots etc. have to be shifted even during a year depending upon the location of the extraction unit in the area prescribed for the year.”

3.57. Explaining, how, in the absence of working out estimated cost of extracted timber at various points of disposal, the Department regulated the actual cost for these operations with reference to the budgeted amount, the Ministry of Agriculture have stated the following in a note furnished on 11 April 1977, to the Committee:—

“Direct charges for difference operations like felling, logging, rafting, milling etc., are worked out at the time of preparing Annual Budget and accordingly the forecast for budget is made. Effective control on the total cost of extraction, milling etc. is ensured by regulation of actual cost for their operation against the budgeted amount worked out as above.

Though the Andaman Forest Department is a commercial organisation its accounts are maintained on the pattern of a Service Department and are in accordance with the heads of accounts prescribed under the major head ‘313-Forests’ and not under various heads such as ‘Management, Operation and Maintenance, Machinery and Equipment, Buildings’ which are prescribed for commercial Departments| Undertakings. The transactions of receipts and payment are subsequently brought over in commercial form in terms of Article 19 of Account Code Vol. I and a set of proforma accounts is compiled every year, in the existing system of budgeting and accounting. As such costing at each and every stage of operation is difficult.

This Department is of the view that the question is a matter of detailed examination and the Andaman Forest Department may evolve a procedure in consultation with the Deputy Accountant General as to how costing at each stage of operation could be worked out in the existing system of accounting and budgeting."

3.58. The Committee further asked what was at least the provisionally expected cost of extraction per acre, the expected extraction per employee in the year and the actual performance in this regard. The Witness added:—

"We have a general idea. To cut trees, convert them into logs, drag these by elephants and bring them to the road-side would mean Rs. 40-45 per cubic metre. Then depending upon the transport involved, it would mean Re. 1/- per cubic metre per Kilometre to bring it by lorry to the nearest water point. Again from these for transporting to Howrah. Depot or Madras Depot, export charges, loading etc. into the ships would mean Rs. 10/- to Rs. 15/- per cu.m. Then the shipping freight is fixed by the Shipping Corporation of India. At the moment, it is about Rs. 110/- per cubic metre for logs. These figures are there, but variations this way or that way do occur."

3.59. Asked whether the Cost Accounting officers who went into this question were furnished with the details about the expected yield per acre, expected extraction per employee and the actual performance etc., the witness stated:—

"After the financial year is over, the profit and loss account and the balance sheet are prepared. When the Cost Accounts Officer came, whatever proforma accounts were available, the same were submitted to him... We prepare the proforma accounts and after the financial year is over, it takes about 8-9 months."

3.60. Asked further if the Andamans Forest Department had tried to compare the working of their Department with that of private parties in this field and if the private sector had certain advantages, also whether Government tried to overtake them by reviewing their own procedures, the witness stated:—

"No separate exercise or no separate report has been prepared on the subject, but, from time to time, we make enquiries orally and try to find out how it works e.g. wages paid to

the workers. As far as we know, the private sector pays somewhat less and the fringe benefits are less. They do not give them so much. From time to time we find out from them also how much is the cost of extraction. As I was submitting earlier, for bringing a timber log outside after felling the tree, the cost varied from Rs. 40 to Rs. 45. The cost of the contractor will be slightly less because they pay less; but no separate exercise has been made."

3.61. In a note, the Ministry have furnished the break-up of the actual cost into their constituent elements such as cost of extraction, overheads, direct and indirect expenses, transportation cost etc. as reflected in the Proforma Accounts for the period 1969-70 to 1974-75* as follows:—

*Audit has informed that the figures for 1974-75 are provisional requiring certification of Proforma Accounts.

Statement showing the cost of production of Logs and Cost at Madras and Calcutta Depots from 1969-70 to 1974-75 (as per proforma Accounts)

(Cost in Rs. per cu.m)

Particulars	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
1	2	3	4	5	6	7
A. Cost of Production						
1. Cost of extraction	51.87	64.33	68.37	84.21	110.54	114.31
2. Cost of Ghat Depot to Delivery Depot (Transport)						
(a) Direct Charges	29.39	31.04	28.62	36.84	26.09	28.33
(b) Overheads	8.75	10.70	11.28	12.68	12.84	2.86
3. Share of General Overheads	61.80	67.38	65.33	74.97	81.13	20.51
Cost of Production (A)	151.81	173.45	173.60	208.86	230.60	166.01
B. Expenditure on Export						
4. Export depot cost (Labour etc.)	48.51	71.78	38.70	55.61	58.37	43.28
5. Other charges like freight, agency commission etc.						
Madras	166.58	218.07	188.42	199.42	187.84	257.26
Calcutta	177.53	122.44	201.72	191.86	191.36	229.00
Total Expenditure on Export (B)						
Madras	215.09	289.25	227.21	255.03	246.21	300.54
Calcutta	226.04	194.22	240.51	247.47	249.73	272.28

	1	2	3	4	5	6	7
(a) Total cost of Depot							
Logs		(A+B)					
Madras		366·90	463·30	400·81	463·69	476·81	466·55
Calcutta		377·85	367·67	414·11	456·13	480·33	438·29

*Note:—*The reduction in the cost of production during 1974-75 is due to adoption of rationalised system of accounting with regard to royalty on departmental extraction, interest on capital etc.

It would be seen from the above table that the share of general overheads has been very high in the years upto 1973-74.

3.62. The Committee asked why the cost of extraction was so high. The representative of the Forest Department attributed it to i) level of technology with which the Department was working in the Island (ii) cost of labour and (iii) the limited use of the Andaman timber in the mainland. Elaborating further the witness stated that experts had suggested mechanisation of extraction operation and if sophisticated machinery is brought the cost of production would go down. For the purpose in the Fifth Plan more provision had been made. So far as labour is concerned most of it is obtained from mainland---whose wages have to be higher in the Islands than in the mainland. So far as the product is concerned if there is spot conversion into less bulk and more valuable products which can find a ready market in the Middle East or Europe or U.S.A. the value of the product can be enhanced and that would bring down the cost of extraction. But he added, the Export Promotion Council set up by the Government of India has not been very helpful.

Audit Paragraph

(d) Extra expenditure on account of re-invitation of tenders

3.63. In February 1970, tenders were invited for the extraction and supply of timber from some areas in South Andaman division and delivery at the camp depot. The lowest quotation of Rs. 41 per cu.m. given by contractor 'A' was rejected on the ground of financial instability and unsatisfactory performance against contracts awarded to him by other Government departments in the Islands. The second quotation of Rs. 43 per cu.m. given by contractor 'B' was negotiated and brought down to Rs. 41 per cu.m. quoted by contractor 'A'. The tender was recommended by the Department in August 1970 to the Ministry of Agriculture for acceptance. However, without assigning any reasons the Ministry instructed the Department in April, 1971 to invite fresh tenders.

3.64. Fresh tenders were invited in October 1971 and the lowest quotation of Rs. 56 per cu.m. received from contractor 'C' was accepted. On account of the rejection of the negotiated tender of contractor 'B', the Department incurred an additional expenditure of Rs. 90,000 on the extraction of 6,000 cu.m. of timber.

3.65. The Ministry stated (June 1973) that as the information about the financial soundness of the second tenderer also was lacking, the Andaman Administration was asked to invite fresh tenders.

3.66. No records are, however, available to indicate that any attempt was made by the Ministry of Andaman Administration to ascertain the financial stability of the second tenderer at any stage.

[Para 50.3.01 (d) of the Report of C & AG (1973-74), Union Government (Civil), p. 145.]

3.67. On the question of extra expenditure incurred on the re-invitation of tender, the Inspector General of Forests and Ex-officio Additional Secretary in the Ministry of Agriculture explained the position thus during evidence:—

“As far as I am aware, as it has been pointed out, the first offer was for Rs. 41.0 per cubic meter and the second offer was for Rs. 43.0 per cubic meter. Now, the tenderer of the first tender had also been working in the forest areas earlier. So, the Andaman Forest Department said that the performance of that tenderer was not satisfactory. They were not felling the required quantity of timbers and their financial stability was also questioned. Therefore, it was proposed to give this offer to the second tenderer at Rs. 43.0 per cubic meter. By negotiation it was brought down to Rs. 41.0 and he agreed to do that. On that a query was raised by the Ministry that ‘if the tender is going to be given to another party, the Andaman Forest Department should have found out about the financial stability of the second tenderer also.’ It was then revealed that it had not been done. At this stage a decision was taken in the Ministry.....”

3.68. When asked whether the Ministry had pointed out to the Andaman Administration that there had been a lapse in recommending the second tenderer, the witness stated:

“The Ministry decided that since the financial stability of the first two tenderers was not to our satisfaction, it was necessary to call fresh tenders.”

3.69. To a question as to why records were not made available to Audit to indicate that any attempt was made by the Ministry or by the Andaman Administration to understand the financial stability of the second tenderer at any stage, the witness stated:—

“Sir, the records were of course not available to the Audit because they were not with the Administration. They were with the Ministry. I would now summarise what the Ministry’s records says:

"It has been stated that the financial stability of the second tenderer was also not verified. The reasons for not making the enquiries were not explained nor has any positive assertion been made by the Administration to the fact that they are satisfied about the financial soundness of the second tenderer."

The reply says like this. "No such enquiries were made in respect of other tenderers... as the interest of the department is fully secured by the security and the earnest money of the guarantee fund and the income-tax deduction funds." But these were considered in the Ministry and they were found that these were not sufficient reasons for not making an enquiry into the financial stability of a person. "Therefore, it was decided that, the matter not being free from doubt and there being no convincing material for the award of the contract to the second tenderer, it would not be advisable to award contract to him and the only course in the circumstances was to ask Chief Conservator of Forest, Andaman to invite fresh tenders."

3.70. The Committee enquired if the Ministry of Agriculture were in doubt about the financial stability of contractor 'B', and had sent any letter to the Administration to find out the actual truth. In reply the witness stated:—

"They did not specifically say that it was not verified; but they said that the amount was fully covered by the security, earnest money, income-tax deductions etc."

3.71. Elaborating the point further, the former Chief Conservator of Forests added:—

"There was an earnest money of Rs. 6,800 provided for, in this tender. Along with the original tender, both the tenderers had submitted treasury challans for Rs. 6,800. The tenders were not accepted. The earnest money was returned... The Ministry asked the Administration in October 1970 as to whether their financial status had been enquired into... The Chief Conservator of Forests of that Administration replied in March 1971 that the financial stability verification was not done... The complaint was received when the tender was being processed in the Ministry of Agriculture."

3.72. The Committee then read out the letter from the Forest Secretary Andaman Administration dated 23-11-1970, which stated:—

“I am to state that this Administration finds no reason to revise their earlier recommendations with regard to awarding the contract to Shri Kadwa. (Contractor 'B'). Incidentally it has to be stated that Durga Prasad who had complained, happened to be the father of Sachidanand whose tender for this contract was rejected by this Administration as stated in letter No. . . . In the light of the above details, I am to request you that the proposals of this Administration sent in letter No. . . . dated 14-8-70 may kindly be considered and Government of India's approval obtained and communicated early as the working season has already begun.”

3.73. The former Chief Conservator of Forests stated:—

“The last communication on record is a wireless signal dated 1st January, 1971 which reads:—

“For Soni from Butalia. Refer Administration letter No. . . . regarding correspondence on tenders. Since working season already begun, shall be grateful for early orders in the matter.”

He added that there was another signal from the Andamans administration in March, 1971 in which again the administration has been asking:—

“Wire early orders acceptance or rejection as working season started.”

3.74. The Committee enquired if there was anything on the files of the Agriculture Ministry. In reply, the Inspector General of Forests stated:—

“I can only add this to what I said earlier. We were not getting a reply from the Administration of Andamans with regard to the queries raised by us in spite of a lapse of two or three months, and we did not consider it prudent to accept the tenders.”

He added:—

“It is on record here. In para 2 of the report of the Administration it is said that in the supply of forest produce to the Department, such verification is not done as the interest of the Department is fully protected by the earnest

money, security deposit, guarantee fund, income-tax deduction, etc. The comment of the Ministry was that these were not sufficient reasons for not making an enquiry into the financial soundness; if those reasons were considered sufficient in the case of No. 2, they would also be so in respect of No. 1, who too would be required to furnish earnest money, security deposit, guarantee fund, income-tax deduction, etc., in the circumstances mentioned, there were no convincing reasons for awarding the contract to No. 2 in preference to No. 1. Now the decision was actually taken on the basis of performance: "as No. 1's past performance is considered unsatisfactory, it would not be advisable to award the contract to him either. Therefore, the only course open in the circumstances appears to be to ask the Chief Conservator to invite fresh tenders."

3.75. The Inspector General of Forests, elaborating further on the question of the reinvitation of tenders, stated thus during evidence:

"The facts of the case were broadly dealt with yesterday. In respect of the tenderers the financial stability had not been verified. In the case of the lowest tenderer working was also found not to be satisfactory. Administration was not empowered to negotiate tender. Sufficient precaution was not taken to see that these parties could deliver the goods to the satisfaction of Government. Finally it was considered that none of these tenders might be accepted and fresh tenders had to be invited. Anything exceeding 3 lakhs had to be referred to the Ministry. Here it is exceeding 3 lakhs and so this was referred to them. The question of delegation of power is under review so that such delays could not occur."

He added:—

"I can only repeat what I said yesterday. On the basis of records before me it appears in the case of the first tenderer it was asserted that his financial stability was not verified and his performance was not satisfactory and the case of second tenderer was recommended. On this a query arose whether in the case of second tenderer the financial capability was verified or not. The reply came that it was not. Then it was felt if the financial stability of the second tenderer, was not examined and it was considered the security deposit and earnest money will be taking care of the financial commitments that he will make then that equally applies to the first tenderer.

Whereas the first tenderer is recommended not to be given the tender the second tenderer is. So, these two reasons do not support each other. In this case, therefore, the recommendation of the Administration that the second tenderer may be given the contract was also not acceptable. Then the view was taken that in the circumstances of the financial stability of both the tenderers not being ascertained, it is better to invite fresh tenders."

3.76. The Committee wanted a detailed chronological note on the case of extra expenditure commented upon in paragraph 50.3.01 (d) of the Audit Report, indicating the sequence of the various events culminating in the tender being awarded to contractor 'C' bringing out clearly the details of the correspondence exchanged in this regard between the local Administration and the Ministry in Delhi and the reasons for the Ministry deciding to reject the offer of contractor 'B' and invite fresh tenders. The note containing the said information, as given by the Ministry of Agriculture, is put in as an Appendix—I. It would be seen therefrom that though the Contractor 'C' had completed the work satisfactorily, he was granted five months extension in two spells in accordance with the provisions of the Contract, and an area of 24 hectares was subsequently excluded from the Contract area with the approval of the Chief Conservator of Forests as this area was found to be precipitous and inaccessible, and the extraction of timber from there would have resulted in soil erosion.

3.77. Regarding the re-invitation of tenders, the Committee required information on the following points:—

- (a) the basis of the Ministry's statement that information regarding the financial soundness of contractor 'B' was lacking,
- (b) whether contractor 'A', who had participated in the first tender and contractor 'C', to whom the contract was finally awarded were inter-related in any manner,
- (c) the number of quotations received at the time of the second invitation of tenders and the details of the tendering contractors,
- (d) whether contractors 'A' and 'B' had also participated in the second tender. What has been the performance of tenderer 'C'; whether the contract had been satisfactorily executed by him or whether there had been any default necessitating extensions to the contract period.

3.78. In a note the Ministry have explained the position thus:—

“The Ministry informed the Andaman Administration (Radio message dated 22-2-1971 page 43 of File No. 2-61/70-Fif) that no enquiries seem to have been made about the financial soundness of the second tenderer and wanted to know the reasons therefor. The Administration informed the Ministry in their Radio Message of 3rd March, 1971 (p. 46 *ibid*) that the financial stability verification was not done in respect of the second tenderer, as they felt that such verification was not necessary as Government interest was fully protected by the Earnest Money, Security Deposit etc. The Ministry did not agree with this view and thought that if verification was done in one case, it should be done in an another case also and this not having been done, took the decision to ask the administration to re-invite tender.

(b) The Government is not aware of any Inter-relationship between Contractor (A) and Contractor (C).

(c) The number of quotations received at the time of second invitation of tenders was 3 as shown below:—

Sl. No.	Name	Rates per Cu. m.
1.	Sh. Sham Sunder Arora	Rs. 51 for Softwood. Rs. 56 for Hardwood.
2.	Shri Thein Mg.	Rs. 53 for Softwood. Rs. 58 for Hardwood.
3.	Shri Y. A. Kadwa	Rs. 56 for Softwood. Rs. 61 for Hardwood.

(d) Only contractor (B) participated in the second tender. Contractor (C) completed the contract satisfactorily. He was granted 5 months extensions in two spells in accordance with the provision of the contract.”

3.79. The Audit in their subsequent comments furnished to the Committee have pointed out thus:—

(a) “...the point made about increasing cost is not relevant. The proforma accounts only show the cost to the Government, it does not purport to show the cost to the contractor, his profit margin, etc.”

- (b) "As regards the exclusion of the area of 24 hectares from the contract area, a reference is invited to the Chief Conservator of Forests' note dated 6-4-1974 wherein he had observed"...to include the area in the contract is definitely a lapse on the part of the Forest Department." It is reasonable to presume that the contractor, while quoting his rates, would have taken into account the difficult nature of part of the terrain with the result that his subsequently being exempted from operating the area gave him an unintended benefit. Conversely, the Department could, but for its lapse, have obtained more favourable terms for the contract.
- (c) It seems appropriate to mention the circumstances under which the Ministry took the decision to reinvoke tenders. On the first tender only two parties came forward. It became clear that it was not advisable to give the contract to the lowest tenderer because of adverse reports on his past performance. So, the Department negotiated with the other party who agreed to the rates quoted by the lowest tenderer. The Department was in favour of accepting this proposal. Since the low tender was not being accepted, the sanction of the next higher authority was necessary for awarding the contract. So the Ministry was approached. At one stage the Ministry was in favour of accepting the Deptt.'s proposal. Subsequently the non-verification of the financial stability of the second tenderer was held to be an important consideration for the Ministry to decide to reinvoke tenders.

In his confidential letter dated 23-11-70 to the Ministry, the Forest Secretary (Chief Conservator of Forests) had stated: "In such work contracts, for supply of forest produce to the Department such verification (of financial stability) is not done as the interests of the Department are fully protected by the earnest money, security deposit, guarantee fund and income-tax deduction fund." The position was reiterated by CCF in reply to a signal from the Ministry dated 22-2-1971. It is not clear why, if this position was correct, the financial stability of the lowest tenderer was verified but not that of the other party. It has also not been clarified by the Ministry in their note why, instead of getting the matter clarified by the C.C.F., they took the decision to reinvoke tenders.

- (d) Circumstances under which Ministry decided in favour of calling for fresh tenders instead of advising the Department to verify the financial soundness of contractor 'B' (Shri Y. A. Kadwa) has not been indicated in the reply."

3.80. The Committee note that out of more than 100 main species of trees available in the Andaman Forests, only about 40 have been so far found to be commercially useful and marketable and these species constitute about 25 to 30 per cent of the standing crop. Thus, on an average about 70—75 per cent of the standing tree crop does not appear to have any marketable use. These 70—75 per cent consist of (i) hops, tops and small timber of commercial species and (ii) species that are considered non-commercial. Because of the prohibitive cost involved in the handling and transportation of the wood of the first category to the mainland and even its limited utility as fuel, it may not be practical for sometime to come to make any gainful use of such trees. It appears also that the efforts so far made for utilising the remaining species of timber available in these forests have not proved successful on account of the peculiar and difficult situation of these forests. No serious attempt, however, has been made so far for the upgrading by scientific treatment of the timber species which are at present considered not marketable. The utilisation of the various components of the timber treatment plant noted in paragraph 3.45 appears to have been inadequate. Since more than three-fourths of the available species have at present no marketable use, the Committee feel that it might be worthwhile to make a more careful assessment of the possibility of finding proper use for some of these species through scientific upgrading.

3.81. The Committee note that the worldwide problem of non-utilisation of a major portion of wood raw material in tropical forests, is at present engaging the attention of the Food and Agriculture Organisation, of which India is a member. Some good results might ensue out of its labours, but meanwhile our Government should move in the matter and find out on our own if some of these species could be made useable through scientific grading.

3.82. Since 1969-70 the quantity of timber actually extracted by the Forest Department has been falling short of the annual target except during 1974-75. These targets could not be achieved on account of indifferent performance of the extraction equipment and further entry into remote areas. The yearly targets, it appears are fixed after assessing the growing stock of the forest areas, their conversion period and the estimated growth in the area thus computed. The Committee have taken note of the assurance given by Government that in future care would be taken by them to fix realistic targets

keeping in view the various factors such as availability of men and material, condition of equipments, inaccessibility of areas of operation etc. They would like to stress that in the light of the experience gained Government should step up the extraction activities and review their targets of extraction from time to time.

3.83. The Committee are surprised at the Department's view that since the quantity of logs annually extracted was consistent with the equipment and labour employed, non-achievement of the target would not have any adverse effect on the financial results of the Department's working. Since, however, there is an element of fixed expenditure in the total cost of extraction, it can hardly be conceded that non-achievement of targets would not have adverse financial implications. Besides, the positioning of man and machinery have necessarily to be regulated in conformity with the targets set out. The Committee would thus stress that the fixing of targets is an important and meaningful task and should be undertaken realistically. It was seen, for instance, that while estimating the requirement of additional equipment in 1970-71, the Department had expected an increase in extraction from the existing level of 77,000, 79,500 cum to above 1,04,500 cu.m. per year, but in later years they had themselves to fix much lower targets which even were not achieved. This indicates a certain laxity in approach which should be discarded.

3.84. The Committee would ask government to locate the various reasons for non-achievement of targets and to find out whether such failure was unavoidable or could be prevented by proper pre-planning.

3.85. The Committee observe that equipment and elephants acquired at a cost of Rs. 3.5 lakhs as part of additional equipment for increasing the extraction of timber during 1970-71 was merely treated as replacement and did not contribute to the achievement of desired objective. The Administration has given the plea that the scheme of additional extraction became ineffective because of the stay order given by Calcutta High Court against revocation of the licence. The Committee have elsewhere in this report (Paras 3.268 to 3.274) commented on the negligent way in which the administration had moved in the matter of the revocation of licence. But it should have been obvious to the Administration that there was no chance of revocation and hence it was impossible to expect additional extraction from the North Andaman Islands. If the feasibility of acquiring this additional area had been properly assessed they would not have gone in for such additional expenditure which ultimately

turned out to be merely replacement for the existing equipment. If the real intention was replacement, a misleading picture should certainly never have been given.

3.86. The Administration has pointed out that though the schedule for replacement of old extraction equipment is prepared after taking into account the estimated economic life of the equipment, it is not generally possible to procure the machinery in time on account of budgetary constraints, foreign exchange difficulties, procurement formalities transport difficulties etc. and above all the tendency to allow the procurement only after the old equipment has been completely written off. The Committee are constrained to observe that even though the equipment plays a very important role in the extraction of timber and the deteriorated condition of the equipment was responsible for non-achievement of yearly targets, factors of the type mentioned above are allowed to come in the way of timely procurement of new equipment required either for replacement of old worn-out items or as additional items for increasing the tempo of extraction activities. Though the amount involved is small, the Committee would strongly urge Government to take suitable steps for the removal of these avoidable difficulties and ensure that the extraction programme of the department is not adversely affected.

3.87. The Committee note that only 40 per cent of the total volume of wood in the felled trees is extracted and there is, as a result, considerable wastage and increase in the cost of extraction. The Committee also find that the cost of timber extraction has been increasing year after year. The Department, however, does not work out the cost of extraction of timber at various points of disposal and is merely content by regulation of the actual costs of different operations like felling, logging, rafting, transportation, milling etc. They have also, it appears, certain practical difficulties in working out cost of extraction at different disposal points. While not unmindful of such difficulties, the Committee feel that since the price ultimately realised by the sale of extracted timber, both in the island as well as in the mainland, has to be linked with the cost of extraction, the Department should regularly work out the estimated cost of extraction at the time of preparing annual budgets.

3.88. It is a matter of concern that the cost of logs upto various delivery depots and also the average ex-mill costs and ex-depot costs at Howrah and Madras have shown continuous increase since 1969-70, there having been only a slight improvement in the year 1974-75. This, as admitted by the Ministry itself, has been on

account of a change in the accounting procedure. The Committee stress the need of reducing the cost and making sure of the proper utilisation of forest wealth. This aspect should be thoroughly examined and suitable steps taken so that heavy losses being incurred as at present can be avoided. The figures of the cost of extraction furnished by Audit as also subsequently by the Department, based on Proforma Account would indicate that the Department could, with a little effort, estimate such costs at the time of preparation of the budget itself, and then proceed in a more efficient and business like way. The Committee would also like Government to evolve some procedure in consultation with Audit whereby costing at each stage of operation could be worked out in the existing system of accounting and budgeting. This would facilitate the Government to exercise effective control on the actual cost of extraction of timber at different points of disposal of timber to obviate losses.

3.89. The Committee find that the Andaman Forest Department had to incur an additional expenditure of Rs. 90,000 on the extraction of 6,000 cums. of timber on account of a re-invitation of tenders. According to the Audit Report and the facts revealed during evidence, the Department received only two tenders for this job, which were opened on 19-1-1970. The tender of contractor 'A' was for Rs. 41 per cubic meter for hard wood and that of Contractor 'B' for Rs. 43/- per cubic meter. The tender of Contractor 'A' though lower than that of Contractor 'B', was rejected by the Department on that ground of "financial instability" and "unsatisfactory performance" against contracts awarded to him by other Government Departments in the Islands. The tender of Contractor 'B' was negotiated by the Department and the rate brought down to Rs. 41/- per cubic meter. In August, 1970, the Department recommended to the Ministry of Agriculture for acceptance of the negotiated tender. On 22-2-1971, the Ministry enquired whether financial soundness of contractor 'B' had been verified but was informed by a wireless message dated 3-3-1971 that no such verification had been done. According to a report of the Department, its interests were said to have been fully protected by the earnest money, security deposit, guarantee fees and income-tax deduction provisions. The Ministry, however, was not convinced with this plea and felt that this argument could equally have applied also in the case of contractor 'A'. On 13-4-1971, the Ministry informed the Department that fresh tenders might be invited. Three contractors, including Contractor 'B' responded, but this time the lowest bid of Rs. 56/- for hardwood was from Contractor 'C'. This was accepted after obtaining the approval of the Ministry of Agriculture and the work completed

to the satisfaction of the Department. Earlier, the Ministry had received a complaint from the father of Contractor 'A' to the effect that Contractor 'B' was a foreign national of bad character and of unsound financial stability, and had been black listed by the Forest Department. The police enquiries, however, revealed that there was nothing of criminal import found against contractor 'B' in police records and that Government of India had already remarked that the rules relating to foreigners need not be insisted upon in view of the peculiar circumstances of the case. To a question asked by the Committee it was answered that Government was not aware of any relationship between Contractor 'A' and 'C'. A new dimension to this case, however, was added by the Forest Department having first included an additional area of 24 hectares at the time of calling for fresh tenders but subsequently excluding it on the ground that the area was "precipitous, inaccessible and extracts of timber from these would have resulted in soil erosion."

3.90. The Committee are not satisfied with the way the whole case was handled. If, in such instances, the Forest Department does not verify the financial soundness of contractors, it is not clear why financial soundness was cited as one of the grounds for rejecting the tender of contractor 'A'. If the Department's interests could be sought to have been protected by the earnest money, security, deposit etc. of Contractor 'B', it is not clear why the Department penalised Contractor 'A' who had also deposited the requisite earnest money and furnished the security deposit under the term of the contract. What is more surprising is that even when the Ministry of Agriculture had enquired whether the Department had gone into the financial soundness of Contractor 'B', the Department contented itself with only intimating that it had not done so. The Committee are also perplexed that an area which was allegedly precipitous and inaccessible was included in the contract area only to be excluded later on. If this area had not been originally included, the Department might well have been able to attract a lower rate for the execution of this job. The Ministry of Agriculture cannot also in this case be complimented for its role in this business. When it transpired that the Department had apparently tried to favour Contractor 'B' without even verification of the financial soundness, the Ministry should have given a clear direction that the tender of 'B' could only be accepted after such verification. Instead of it, the Ministry advised the Department to reinstate the tenders which again did not prove to be a sound proposition. The Committee fear that there might have been some hidden and undesirable interests behind the entire story. The matter requires to be probed thoroughly, so that responsibility for the addi-

tional expenditure of Rs. 90,000/- can be fixed. The Committee would like to be assured that no malafides were involved at any level in this sorry episode.

C. MILL OPERATIONS

Audit Paragraph

3.91. (i) The saw mills at Chatham and Betapur consist of two units each—the band mill and the circular mill. The installed capacity of the two saw mills has not been assessed by the Department. It has been stated that the machinery is very old and the mills were set up mainly to meet the local requirements. The performance of the two saw mills during the period 1969-70 to 1972-73 is indicated below:—

Year	Intake (In cubic metres)	Outturn (In cubic metres)	Wastage	Percentage of wastage to intake	Milling cost (per cu metre)	Total cost of sawn timber excluding royalty (Rs. per cu. m.)
1969-70	34,296	16,914	17,382	51	136.46	438.50
1970-71	33,708	16,953	16,755	50	140.39	480.19
1971-72	34,578	17,407	17,171	50	141.03	485.25
1972-73	28,283	14,623	13,660	48	176.88	572.15

NOTES : 1. The milling cost represents the net cost after adjusting the revenue realised from the sale of by-products like sawn fuel and saw dust.

2. As the expenditure for each mill is not booked separately, the milling cost and the total cost of sawn timber for each mill is not available.

3.92. The Ministry have intimated the following position for the year 1973-74 and 1974-75:

	Intake (Cubic Metres)	Outturn	Wastage	Percentage of wastage to intake	Milling cost (Rs. per cu. m.)	Total Cost of Sawn Timber excluding Royalty (Rs. per cu. m.)
1973-74	26,914	14,077	12,837	47	202.39	636.67
1974-75	25,263	12,799	12,464	49	N.A.	N.A.

3.93. It will be seen that the percentage of wastage has gradually come down. The wastage, however, still appears to be on the high side.

3.94. The Milling cost as well as the total cost of the Sawn timber has been gradually increasing. The quantity of logs fed into the Mills for sawing has gradually come down.

3.95. At the time of preparing the annual budget, the estimated cost of milling is not worked out by the Department. It will however, be seen that the milling cost of timber per cubic metre has been steadily increasing. The increase in the milling cost is stated to be due to increase in the cost of stores, labour, establishments, etc.

3.96. As only second date logs are fed into the two mills, the outturn is less and the milling cost is high. Some of the equipments are also old and obsolete. The Inspector General of Forests suggested in March 1970, that the circular saws in the mills should be replaced by band saws as early as possible.

3.97. The Ministry also informed the Public Accounts Committee in October, 1972 that the Andaman Administration had been asked to take early action to convert the circular saws at both the mills with indigenous band saws. However, in June, 1973, the Ministry informed Audit that important items like break-down unit and other valuable parts were required to be imported and as such the implementation of the proposal would take quite some time.

(ii) The Circular and band saw mills at Betavour are operated for one shift a day. The band saw mill at Chatham is run for three shifts, while the circular saw mill is operated only in one shift on account of lack of demand for sawn timber locally, non-availability of power and spare parts which have generally to be imported.

3.98. The number of available shifts, the number on which each of the two mills actually worked and the extent of their idleness

along with reasons therefor during 1969-70 to 1972-73 are given below:—

Year	Mill	No. of available shifts	No. of shifts on which the mill worked	No. of shifts on which the mill was idle
1969-70	Chatham	1,218	819	399
	Betapur	296	269	27
1970-71	Chatham	1,125	755	370
	Betapur	297	288	9
1971-72	Chatham	1,098	776	322
	Betapur	296	266	30
1972-73	Chatham	1,156	777	379
	Betapur	299	288	11

Reasons for idleness

Year	Want of operators	Want of logs	Want of steam & Water	Want of Electricity	Repairs and machine difficulties	Diversion of labour	Misc.*	Total
<i>Chatham Mill.</i>								
1969-70	2	1	4	4	59	23	306	399
1970-71	..	1	36	8	26	28	271	370
1971-72	20	8	..	74	213	322
1972-73	..	24	7	5	45	25	273	379
<i>Betapur Mill</i>								
1969-70	..	7	..	..	16	..	4	27
1970-71	6	..	3	9
1971-72	23	..	7	30
1972-73	..	1	..	..	5	..	5	11

Note :—*This is mainly due to the operation of circular saw mill in one shift only as against 2 shifts available in a day.

3.99. The Chatham saw mill employs 941 labourers. The National Council of Applied Economic Research, which conducted a

techno-economic survey of the Islands, *inter alia* made the following observations in its report submitted in December, 1972:—

“.....Employing a large labour force, equipped with upto date machinery of much capacity and working two and some even three shifts, the mill has not achieved a degree of efficiency comparable to its own earlier days, even apart from any comparison with mills elsewhere. It is estimated that the mill intake could be stepped up substantially (working two shifts daily of 6 hours each for 300 days in the year).....?”

“.....Unless the management of this mill, one of the biggest in the country, is in new hands, no amount of evaluation and soul searching would help.....”

[Para 50.3.02 of the Report of C&AG (1973-74) Union Government (Civil), pp. 145—147.]

A. Wastage in Saw Mills

3.100. The Public Accounts Committee had examined the working of Chatham Saw Mill in their 74th Report (Fourth Lok Sabha). Commenting on the working of the Mill the Committee had then observed:—

‘The Committee are not happy about the performance of the Government-run saw mill at Chatham. The wastage in the mill which was 55 per cent in 1966-67 increased to 58 per cent in 1967-68. The cost Accounts Officer who examined the working of the mill came to the conclusion that ‘the mill should be able to give a better outturn by more efficient operation’ and that effective supervision at higher levels would substantially help to reduce wastage. The Cost Accounts Officer had also pointed out that ‘0.27 ton out of every ton of log fed into the mill has physically disappeared. The Committee would like Govt. to take, in the light of these findings, concerted steps to minimise wastage and leakage.’ (Para 1.23).

A more important point bearing on the working of the Saw Mill arises out of the findings of the Cost Accounts Officer referred to in an earlier section of the Report that it is intrinsically uneconomic for the Department to go in for the production and sale of sawn timber. The Committee would therefore like Government to consider how far the scale of operations of the mills could be rationalised and also whether the machinery in use in the mills should not be modernised to improve productivity.” (Para 1.24).

In their reply to these observations, the Department of Agriculture had stated in a note dated 4th December, 1969 as follows:—

“As indicated in reply to para 1.12, the final report of the Cost Accounts Officers was received in this Ministry very recently and it is under active examination. The Public Accounts Committee’s remarks requiring Government to take concerted steps to minimise wastage and leakage would certainly be borne in mind by this Department and suitable action would be taken wherever necessary.”

3.101. The report of the Cost Accounts Officer includes the following observations in regard to the wastage in the mills:

“The increasing wastage in the mills as revealed in the accounts are casually being attributed year after year to the inferior quality of logs without ever attempting to review how far this is due to other factors such as inefficiency and wastage.”

3.102. Dealing with the question of spoilage due to inefficient operation the Cost Accounts Officer had stated:—

“Another reason may be the intrinsic defects in some of the machinery used. the circular saw. by its very nature of functioning, spoils a larger proportion of timber than the band saw. This circular saw is an outmoded and obsolete machinery and I understand that it is not in use anywhere else. The Siliguri Saw Mills were having a similar circular saw but they condemned it a few years back because of its obsolescence. It is desirable to condemn the circular saw mill at Andamans also as its continued use results in huge losses. Sawing with the band saw alone will reduce the wastage to some extent. But the main improvement in the wastage position can and will be achieved only by better sawing and better supervision.”

3.103. The Committee in their 96th Report (Action Taken) on the 74th Report had finally observed:—

“The operations of the mills would appear to have been affected by outmoded techniques of sawing and lack of adequate supervision. The Cost Accounts Officer has pointed out that wastages in the Andaman Mills amounted to 50 per cent to 60 per cent of intake as against 30 per cent

in Government Saw Mill, Siliguri and that this "casually being attributed year after year to the inferior quality of logs without ever attempting a review as to how far it is due to.....other factors." The Committee hope that Government would take immediate steps to tone up supervision at the operational levels and rationalise the scale of operations by adopting better methods and installing up-to-date equipment."

3.104. It would be seen from the table in sub-paragraph 3.02 (i) of the Audit Review although the percentage of wastage had come down in 1973-74, it had again gone up in 1974-75. Similarly, it will be seen that the total cost of the sawn timber had been gradually increasing and the quantity of the logs fed into the mills for sawing had gradually come down. The Committee enquired what steps had been taken or were proposed to be taken to bring down the percentage of wastage. Considering the quality of logs fed into the mills, the Committee pointed out if it was not possible to fix scientifically suitable norms of wastage in sawing so as to compare the actual wastage in the mills against these norms. In reply the Ministry stated as follows:—

"(a) The percentage of wastage is mainly dependent on the following:—

1. Quality of log
2. Dimensions of sawn timber to be produced.
3. Quality of machinery used.
4. Adequacy of supervision.

Of these, the first two play the most significant part in the recovery of sawn timber.

Quality of logs:

On extraction of timber, the better quality logs are sorted out and sold as plywood or to the mainland to meet the requirement of D.G.S. & D. for supplies to Railways etc. The remaining logs which are usually of inferior quality and not easily saleable in the round form are fed into the saw mills for conversion into sawn timber. As such, these mills are working as 'Scavenging. Units' rather than efficiency units with a view to utilise a larger quantity of timber which would otherwise have to be left unutilised.

Being low grade secondary timbers, Andaman timbers are highly perishable. Due to peculiar circumstances obtaining in the islands, transportation of timber has to be done in saline water which harbours a number of marine organisms which damage the timber. These factors contribute towards fast deterioration of logs which ultimately result in poor outturn.

2. *Dimensions of sawn timber to be produced:*

Sawing of logs is done mainly to meet the local requirements of thin sections of sawn timber (e.g. 16×1.5 cm, 16×2.5 cm and 10×8 cm) for the purpose of construction of houses. The production of such small sections entails much greater wastage.

In view of the above varying and indefinite factors, it is not possible to fix the percentage of wastage. However, the percentage of wastage ranged between 60 per cent to 50 per cent upto end of the year 1971-72. With a view to bring down the percentage of wastage, the following steps have been taken:—

(i) *Feeding of the Mills with better quality logs:*

A system of passing of logs to be fed into the mill has been evolved to ensure a measure of quality control of logs and to eliminate very inferior logs.

(ii) Strengthening of supervision by appointing an additional Assistant Mill Manager so as to exercise effective supervision in both the shifts of working of the mills.

(iii) *Replacement of old machinery:*

The Circular Saw mill which was uneconomical in its working was closed in April, 1973. A programme, consistent with availability of funds has been drawn up for replacement of saw mill machinery—and accordingly, procurement action has been taken in June 1970 for a 72" Band Mill and in June 1973 for a 54" Band Mill.

Further in order to ensure a regular supply of power to avoid closure of mills due to power failures, action has been taken for the procurement of a Generator set of 248 KW. As a result of feeding the Mill with better

quality of logs and effective supervision, the percentage of wastage has come down as indicated below:—

Year	Percentage of Wastage
1969-70	51
1970-71	50
1971-72	50
1972-73	48
1973-74	48
1974-75	49.34

It is expected that the percentage of wastage will further come down with installation of new Band Mills of 54" and 72" for which procurement action has already been taken.

B. Installed Capacity of Saw Mills

3.105. Referring to the fact that the installed capacity of the two saw mills at Chatham and Betapur had not been assessed by the Department, the Committee asked what the difficulty was in fixing the installed capacity of these mills after taking into account the present condition of the machinery and other relevant factors and in the absence of this information, how was the performance of these mills evaluated. In a written note the Ministry explained the position as follows:—

“(a) The installed capacity of a sawmill is mainly dependent on the capacity of the main breakdown unit. This capacity can be fixed with some degree of accuracy only when the logs fed into the sawmill conform to a narrow range of specifications. As far as sawmills in the Andamans are concerned, more than 30 species of logs of varying degrees of hardness and refractivity are fed, each species or species-group requiring different adjustments of tooth angle, pitch etc. It is, therefore, not possible to determine installed capacity with any degree of accuracy under these circumstances.

(b) Comparison against installed capacity is not a true measure to assess the performance of a sawmill. The performance is first of all governed by the total availability

of raw materials to be processed, the outturn percentage, the overall milling cost as obtained by "work-effort", quality of sawing, feed speed and other established parameters."

3.106. In a subsequent note furnished by the Ministry of Agriculture to the Committee on 11 April 1977, the position has been explained thus:

"The installed capacity in case of a Saw Mill is dependent upon the breakdown unit. In Chatham Saw Mill, there are two breakdown units namely 8' Clark band breakdown and 60" Robinson band breakdown. Both these breakdowns are old and require constant attention for being kept in operation. The 60" Robinson band breakdown is being replaced by an Indian made 54" Newton Band Mill. Components of this band mill have been received in Port Blair and the mill is under erection. For replacement of the 8' Clark Band breakdown, an indent has been placed with the Directorate General of Supply and Disposal for 72" Foreign made band mill and the matter is still under correspondence. The latest position is that the D.G.S & D. has asked the Andamans Forest Deptt for all available pamphlets and other information on such a type of band mill for calling quotations in foreign countries such as USA, Japan and Europe. These are the same areas suggested by the Andaman Forest Department for calling of quotations. When the new band mills are erected and put into operation, it will be possible for the Andaman Forest Department to fix installed capacity of Chatham Saw Mill.

The D.A.G. (ANI) has observed that even if the machinery of the Saw Mill are old there is no justification for not fixing the installed capacity of the mill so long as judging the efficiency, capacity, and performance of the breakdown unit and resawing unit of that mill is concerned.

The suggestion is accepted and Andaman and Nicobar Forest Department is taking action for fixing the installed capacity of the mill."

3.107. During evidence the Committee asked what action had been taken on the suggestion of the Inspector General of Forests

that circular saw mill should be replaced bands saws. In reply the Inspector General of Forests stated:

“Circular saw mill was closed down at Chatham and that was in 1973 and orders were placed for 54” band saws. These, I understand, have been delivered but not yet inspected. In Betapur the old machinery, the circular saw continues to be in use.”

“The Betapur mill is a small unit. It meets mostly the local requirements and priority is for modernising the Chatham mill. So, we are concentrating on modernising it and the equipment there is being, as funds permit, replaced.

Betapur problem is a perennial problem.”

3.108. The Chief Conservator of Forests amplifying the point further stated as follows:—

“In Betapur we have installed two band saws already. It is a question of demand. It is located in the Middle Andaman and North Andaman because of inter-island transport difficulties. So, even if we produce excess, the consumer is not near about. We have been supplying only to the local demand within these two islands. That is why we have not worked to the full capacity.”

3.109. Regarding the action taken on the recommendations of the National Council of Applied Economic Research, the Committee enquired whether any attempt had been made to substantially increase the production capacity of Chatham Saw Mill and to modernise the management by having more expertise and better people to manage the mill which was biggest in the country. The Chief Conservator of Forests stated during evidence:—

“We have earlier also said that we do not agree with the techno economic survey report which unfortunately, has not brought out the correct picture of the saw mills at Chatham. That they are equipped with the up-to-date machinery is not correct. The machinery is quite old.”

3.110. When it was pointed out to the witness that the Ministry had informed Audit in June 1973 that important items and other valuable parts were required to be imported and the implementation of the proposal would take quite some time, the Chief Conservator of Forests explained the position as follows:—

“For the main breakdowns we are trying to get indigenously manufactured units. As was pointed out by Inspector

General of Forest a 54" vertical log saw bench has been manufactured. Further we are trying to change the machinery in stages. Only for 72" band saw mill we are depending on foreign exchange. We placed the order for this item through DGS & D in November 1973. Except for this machine other machines are available in our country and we are trying to get the same."

3.111. In a written note the Ministry of Agriculture stated as below:

"Indent for a 54" Band Mill was placed on DGS & D on 22-6-1973. After pursuing the matter with the DGS & D the tender enquiry was floated by them in July 1974 and order was placed on the firm on 6th December 1974. According to the latest information from Andaman Administration the Band Mill has been placed on rail after inspection on 10-2-76 and the same will be shipped to the islands from Calcutta. As regards 72" Band Mill, an indent was placed on the DGS & D on 2-6-1970. Tenders were floated by the DGS & D on 22-10-75 against which a single tender was received. This tender is being scrutinised by the Andaman Administration."

3.112. Regarding the installation of 54" vertical log saw bench, the witness stated thus:—

"It has been inspected by DGS & D but it has not yet been installed. We have written to the Bombay firm to come and instal it before the end of this month. The firm is expected to come and do this."

"It is in Bombay. The supplier could not supply the machine by 31-7-1975 and the period was extended."

3.113. The Committee asked for the reasons for the delay in the installation of band saws at Betapur and what was the present position regarding the replacement of circular saws in the Chatham and Betapur Saw mills and whether the Ministry was satisfied with the time taken in the replacement of circular saws in the two Mills. In a note, the Ministry have explained the position as follow:—

"(a) Originally the Betapur Saw Mill was erected as a temporary and portable saw mill with the sole intention of meeting the requirements of sawn timber in that area. It was not the intention to erect a permanent saw mill at Betapur. Later, however, to meet the requirement,

particularly of the P.W.D. and the settlers, the Forest Department converted the temporary saw mill into a permanent one. The first proposal to replace the old circular saws with band mill was proposed by Shri R. C. Soni, the then Inspector General of Forests in his Inspection Note (March, 1970) and on receipt of the Inspection Note immediate steps were taken to procure and erect 2 band mills at Betapur. Both these band mills i.e. 42" breakdown and 36" band rip saw, were erected in early 1971.

The only indigenous make rip saws available in our country today are 36" and 39" band rip-saws. These machines are also not equipped with necessary fences nor with automatic feeds, which will necessitate additional labour in feeding the rip saws and will also not produce correct dimension lumber. Even though the circular rip saws in the Betapur saw mills are old machines, which were found surplus from the main saw mills at Chatham, they are still working satisfactorily. These machines are provided with fences and automatic feed rollers and even at this age they incorporate more advanced features than the band rips available in the country. It is, therefore, not considered advisable to replace these machines with Indian make band rips until these band rips are more sophisticated and are provided with automatic feed rollers, fences etc. so as to enable the production of correct dimension lumber."

(b) In Chatham Saw mill, the Circular Saw Mill was shut down in 1973, and the old machinery of that mill has been disposed off. In the band mill at Chatham, there are only two fast-cut circular saws. As the plate saws of these units are thin and they are working efficiently, there is no need to replace them.

As far as Betapur Saw mill is concerned, there are three more circular saws to be replaced. According to the schedule for improvement of Betapur Saw Mill, drawn up by the Andamans Forest Department, priority has been given to replacement of the prime mover as overall improvement will not be possible without replacing the prime mover. Action has been taken to procure a steam boiler with engine for this purpose. After installation of this engine,

programme for replacement of the three circular saws will be continued.

- (c) As replacement of the machinery etc. has to be adjusted within the budgetary provisions, priorities have to be worked out by the Department. From this point of view, the Ministry is satisfied with the progress. However, the Andamans Forest Department is being asked to expedite replacement of the three circular saws at Betapur and effect overall improvement of the mill”.

C. Milling Cost

3.114. The Committee enquired why in spite of gradual fall in the percentage of wastage, the milling cost had been steadily increasing. The Committee also wanted to know the steps proposed to be taken to control the milling cost and why the milling cost for each mill was not booked separately.

3.115. The Department stated in reply:—

“The increase in milling cost from year to year is mainly due to the increase in cost of labour and stores as indicated below:—

(In lakhs of rupees)

	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Labour charges without effecting increase in the number of workmen	5.09	5.89	3.80	7.88	8.56	12.33
•Stores	4.18	4.48	3.58	2.82	4.66	7.46
TOTAL	9.27	10.37	7.38	10.70	13.52	19.79
Percentage of increase		11.86		15.42	45.84	113.48

* Audit informed on 2-2-1977 that value of mill stores includes expenses on mill establishment, water and electric charges etc.

The milling costs of Chatham Saw mill and Betapur Saw Mill were not maintained separately as the intake and outturn of Betapur Sawmill were very small as borne out by the details furnished below:—

Year	(in cubic metre)			
	Chatham Saw Mill		Betapur Saw Mill	
	Intake	Outturn	Intake	Outturn
1969-70	31,234	15,190	3,062	1,722
1970-71	30,152	14,662	3,556	2,290
1971-72	30,409	1,599	4,168	2,308
1972-73	23,574	12,515	4,708	2,108
1973-74	22,728	11,942	1,185	2,135
1974-75	21,709	11,200	3,554	1,598

“As Betapur Saw Mill is a small unit, it is not considered necessary to introduce the complicated system of accounting to this unit, Moreover, the performance of the Betapur Saw Mill will not in any way influence the milling activity as a whole, as its contribution is small.”

D. Number of Shifts operated

3.116. On the question of the lesser number of shifts operated in each of the two mills at Chatham and Betapur (referred to in the Audit para), the Ministry furnished the following information for the years 1973-74* :—

	1973-74		1974-75	
	Chatham	Betapur	Chatham	Betapur
(i) No. of shifts available	588	294	592	296
(ii) No. of shifts actually worked	546½	292	530	276
(iii) Extent of their idleness	41½	2	62	20

*Audit has pointed out that Proforma Accounts for 1974-75 being under Audit information given against 1974-75 may be provisional.

Reasons for Idleness

Year	Want of operators	Want of logs	Want of steam & water	Want of Electricity	Repairs & Machine difficulties	Diver- sion of Lab.	Misc.	Total
1	2	3	4	5	6	7	8	9
CHATHAM SAW MILL								
1973-74	8	..	33½	..	..	..	41½
1974-75	Nil	62	..	..	..	62
BETAPUR SAW MILL								
1973-74	2	..	..	2
1974-75	13	..	7	20

It would be seen from these figures, read with those given in the Audit Paragraph that the number of shifts available both at Chatham and Betapur had actually further declined in 1973-74 and although in 1974-75 it had slightly improved, it was far below the previous years at least in the case of Chatham Mill. The number of shifts on which the mill actually operated in 1973-74 and 1974-75 was also below the figure of previous years. Consequently the number of shifts on which the mill was idle remained more.

3.117. The Committee are perturbed to note the continued deterioration over a stretch of years in the operational efficiency of the Saw Mills at Chatham and Betapur in spite of earlier efforts and the Cost Accounts Officer having suggested concrete measures for its improvement. Though the percentage of wastage to intake in these mills is reported to have come down from 60 in 1970-71 to 49.34 in 1974-75. the wastage still appears to be very much on the high side.

3.118. If, of course, the quality of logs fed into the mills is poor the percentage of wastage is bound to increase. But the Committee cannot appreciate why measures have not been taken to improve the quality of logs in spite of precise suggestions to that effect made in 1972 by the Cost Accounts Officer. As for the outmoded nature of the equipment, the Committee would blame the Forest Department itself for not pursuing the replacement programme vigorously and in time. The Study Group of the Committee visiting the Chatham mills have gathered an unhappy but positive impression that the mill

was being simply mismanaged. The Committee, would, therefore, re-emphasise their earlier observation in the 96th Report (Fourth Lok Sabha) that Government should take immediate steps to tone up the supervision at the operational levels and rationalise the scale of operations by installing up-to-date equipment and adopting better management and other techniques.

3.119. The Committee are distressed that it has not been found possible for the Forest Department yet to assess the installed capacity of the two Saw Mills on account of the alleged difficulty of working out accurately specifications of logs to be fed into the main breakdown unit. The Committee feel that while the composition of materials may vary, all the varieties of logs available in the Andamans are by and large known. The past experience and position of extraction should also give some idea to the management about the position of logs to be fed into the mills to arrive at the installed/attainable capacity. The argument of the Department is that the performance of the mill is primarily governed by the total availability of raw materials to be processed. That, however, cannot conceivably stand in the way of the ascertainment of the capacity installed and the production anticipated. The Department has gone further to claim that comparison against the installed capacity was not a true criterion for assessing the performance of a saw mill. The Committee cannot accept what appears an outmoded view and urge that if the performance is to be watched, there must be an assessment of the installed capacity of the mills; this being a key parameter for judging the efficiency of a plant.

3.120. The Committee regret that the programme for conversion of circular saws at both the mills with indigenous band saws has not made any headway. It was as early as March, 1970 that the Inspector General of Forests himself suggested that circular saws in the mills should be replaced early by indigenous band saws. In June, 1973, the Ministry informed Audit that important items like breakdown units and other valuable parts were still required to be imported, and as such the implementation of the proposal would take quite some time longer. The Committee were, however, informed by the Department that though the order was placed in 1973, the supplier could not supply the machine by 31st July, 1975 and to make the position worse, the date for the supply had been further extended. As far as Betapur Mill was concerned, it was a small mill and catered mostly to the local requirements. The Committee were assured in a note that the Department was being asked to expedite replacement of these circular saws at Betapur and effect overall improvement. However, there has been already a lot of avoidable delay in completing modernisation

of the Chatham Mill. In the Committee's views if these mills are to function as a economically viable units, urgent steps must be taken to modernise the mills and replace the existing old and obsolete equipment. The Committee would also stress that simultaneous steps should be taken to modernise and upgrade the management of the Chatham mill which happens to be "the largest single industrial unit in these Islands and is also one of the largest of its kind."

3.121. The Committee regret that the milling cost of logs per cubic metre at the saw mills, already very high, has continued to increase. The Committee could not ascertain the figure for 1974-75 but the figures of previous years are quite bad enough. This appears at least partly due to the gradual decrease in the quantity of logs fed into the mills for sawing. But when the quantity of timber extracted has shown increase over years the Committee cannot understand how the quantity of logs fed into the mills should have decreased. What is also surprising is that although in the year 1973-74 the percentage of wastage had come down, the milling cost was more than that in the previous years. The Committee would like Government to investigate such anomalies and rectify the position.

3.122. The Audit para gives details of logs extracted, disposed of, used in saw mills and closing stock etc. It has been stated therein that second rate logs which were not saleable as such, had to be converted into sawn timber in the saw mills. The Committee would like to know whether this was one of the factors for the increase in the milling cost of logs and, if so, the steps taken to check the extraction of second rate logs.

3.123. The Committee regret that during the period 1969-70 to 1974-75, the number of shifts on which the Chatham Mills remained idle ranged between 41½ and 399. The main reason for such idleness is said to have been the operation of circular saw shift in one shift only as against 2 shifts available in a day. The other reasons include lack of adequate steam and water and electricity, and also such big contributory factors as repair and machine difficulties and diversion of labour. The Committee cannot appreciate why diversion of labour had been allowed and can only account for it by the shortsightedness and inefficiency of the management. The fact that the mills lay idle on account of repairs and machine difficulties also indicates the need for early replacement of the machinery and for adequate repair facilities. The Committee recommend that steps should be taken to check the long proliferating weaknesses of Chatham Saw Mill for which at one time so much was rightfully expected.

D-TRADING ACTIVITIES

Audit Paragraph

(a) Disposal of logs and sawn timber

3.124. The Department has two sales depots at Howrah and Madras where timber logs as well as Sawn timber are sold by auction and by negotiations. Direct sales are also made to the Railways through D.G.S. & D. In addition, the Department also sells sawn timber at the saw mills to local people and makes direct supplies to the match and plywood units. The following table indicates the timber produced and the manner of its disposal during 1969-70 to 1973-74:—

(Figures in cu. ms.)

LOGS

Year	Quantity extracted	Quantity supplied to local match-wood factories	Quantity supplied to Railways through DGS&D	Quantity brought to saw mills	Quantity despatched to sale depots		Closing stock
					Madras	Howrah	
1969-70	73,353	6,250	5,256	34,296	3,495	13,758	8,390
1970-71	71,530	6,404	5,750*	33,708	7,741	5,868	10,004
1971-72	75,852	6,030	10,907	34,578	6,852	11,647	9,672
1972-73	70,020	6,026	13,852	28,283	5,171	15,574	8,809
*1973-74	65,572	4,833	**	26,914	7,398	13,553	10,834

*Data for 1973-74 is not based on Audit Report.

**Quantity despatched to Madras and Howrah Depots includes that supplied to Railways through DGS&D.

Sawn Timber

Year	Quantity produced at the saw mill	Quantity disposed of locally	Quantity despatched to sale depots		Closing stock		
			Madras	Howrah			
1969-70	.	.	16,914	11,683	3,228	358	5,979
1970-71	.	.	16,953	11,176	2,988	..	8,768
1971-72	.	.	17,407	10,210	4,927	1,345	9,694
1972-73	.	.	14,623	11,118	2,506	1,217	9,534

3.125. Substantial quantity of extracted timber represents second rate logs and is not saleable in the form of logs to the ultimate consumers. The Second rate logs have to be converted into sawn timber before sale. Accordingly, out of total quantity of logs extracted every year, 44 per cent to 47 per cent had to be brought to the saw mills for sawing.

[Para 50.3.03 (a) of the Report of C & AG (1973-74) (Union Government-Civil) pp. 147-148]

3.126. The Committee desired to be furnished with information relating to quantity of timber produced and the manner of its disposal during 1974-75. But the same has not yet been furnished to them. The Committee could however gather the following information about the sales* within the Islands and those at Howrah and Madras depots during the year 1974-75.

Particulars	Sales in Islands	Howrah		Madras	
		Sale through Department depot.	Other direct sales	Sale through dept. depot	Other direct sales
Logs	14,371	2,133	13,361	775	6,109
Sawn timber	8,792	1,529	..	4,489	..
TOTAL	23,163	3,662	13,361	5,264	6,109

*Audit has pointed out that the Proforma Accounts being under Audit, information given against 1974-75 may be treated as provisional.

3.127. It would be seen from these figures that during 1974-75 whereas the sale of logs through Howrah Depot had increased the sale from Madras depot had decreased as compared to previous year. Similarly sale of Sawn timber also increased from Howrah depot but decreased at Madras depot.

3.128. The Committee learn that except in respect of gurjan logs of and above 150 cm. girth, all other logs sold to Railways through DGS&D result in loss to the department when the cost of production as reflected in the Proforma Accounts is taken into consideration. The Department has maintained that the cost of production worked out in the proforma accounts includes a num-

ber of elements which artificially inflate the cost. In their opinion for a proper financial analysis such elements should be excluded. They have stated that in the preparation of proforma accounts for 1974-75, the Andaman Forest Department has rationalised the system. The Committee have not, however, been subsequently informed whether as per the rationalised system the sales of logs to Railways through DGS&D has resulted in profit.

3.129. The Committee observe that with a view to earn an appropriate return on the trading activity of the Forest Department which includes extraction and sale of timber in the mainland and on the Islands, the Cost Accounts Officer had made a number of suggestions with regard to improvement in the quality of logs extracted and its transportation to the Saw mills and shipment. The recommendations of the Cost Accounts Officer and the action taken thereon by Government are given below:

RECOMMENDATIONS

"The logs extracted should be grouped into different categories by grouping such species which will fetch approximately the same sale price together under one category. The logs under each category should be further sub-divided into different grades quality-wise depending on girth and shape."

FOLLOW-UP ACTION

"The above recommendations have been implemented. The logs extracted are grouped into different categories based on their end-use viz. padauk, ornamental timber gurjan ply, non-gurjan ply, hardwood, matchwood and other softwoods. In the mainland sales Depots of the Department dimensional and quality grading are made for sale purposes."

RECOMMENDATIONS

"The minimum girth of logs for purpose of marketing should be fixed separately for each category in such a manner that the cost of production excluding royalty of such minimum girth logs would be equal to the sale price fetched by the same. Slightly lesser minimum girth may be prescribed for purposes of milling, such minimum girth being calculated in such a manner that the cost of production of sawn timber from such lower girth logs does not exceed the cost of production from the higher girth logs."

"Such under girth logs should be fully consumed in the mill and the capacity of the mill should be adjusted so as to facilitate such consumption. A few higher girth logs may also be fed to the mill in so far as it is necessary to produce higher size sawn timber such as squares, fitches etc. for meeting local demand."

FOLLOW-UP ACTION

"The minimum girth of logs for purpose of marketing and milling has been fixed at 48" for padauk, gurjan and hardwoods and 36" for softwoods. The market conditions are being studied from time to time and dimensional specifications for marketing and milling are varied whenever such action is to the best advantage to Government."

RECOMMENDATIONS

"After meeting the local demand for logs and after feeding the mill in the manner explained above, the remaining logs should be exported to the mainland for sale and enough shipping capacity should be arranged for this purpose."

FOLLOW-UP ACTION

3.139. This is being followed by the Department. The Public Accounts Committee 1969-70 in their 96th Report had in this connection observed as follows:

"The Cost Accounts Officer has also drawn attention to the inadequacies of its existing system of grading of logs and the defective storage and transport arrangements which have contributed to wastages on a fairly large scale. Certain observations made by the Cost Accounts Officer would bear repetition: "At present the Department does not even know what time a particular log took to reach the final point of disposal from the time it was extracted. One log might reach within a month whereas another might take an year. The logs are handled at different points (*viz.*, the extraction site, the camp depot, the ghat depot and the export depot) and there is no fool-proof system of sending off the logs at these points on the basis of 'first came first sent.' They are just dumped at these points and sent on when transport is available." The Committee consider this to be an unsatisfactory state of affairs and would like to impress on Government the need to evolve a scientific procedure

for grading, storage and transport of logs and for adequate supervision at all these stages."

Audit Para

(b) Supply of Ply logs without entering into formal contract

3.131. (i) In July 1951, the Ministry of Commerce and Industry decided to supply ply logs from the Andaman forests to members of the Plywood Manufacturers Association of India and the Plywood Manufacturers Association of West Bengal on the basis of quotas fixed by the Ministry of Agriculture. For this purpose, the former Association was required to deposit Rs. 20,000 and the latter Rs. 5,000 as security deposit from each of their members. No agreement was, however, entered into either with the two Associations or their individual members laying down the conditions of supply, mode of payment etc. The security deposit was collected from individual members of the two Associations and not from the Associations themselves.

3.132. Supplies of ply logs to the members of the two Associations were made from 1951 to 1967. From 1968 onwards, the scheme of supply to the members was discontinued and the ply logs were sold by auction. With the discontinuance of the scheme, some members of the Plywood Manufacturers Association of India applied for the refund of the security deposits furnished by them individually. The security deposits were, however, not refunded as it was found that some other members of the Association had not made payments for supplies to the extent of Rs. 1.54 lakhs. It was stated by the Department (September, 1969) that the possibility of adjusting the total security deposits against the amounts due from some members of the Association was under consideration.

(ii) An amount of Rs. 19,025 is outstanding against M/s. Asiatic Plywood Industries, one of the members of the Plywood Manufacturers Association of India, against the security deposit of Rs. 15,000. The reasons for which deposit of Rs. 15,000, instead of Rs. 20,000, was accepted from the party are, however, not available.

3.133. The Ministry of Agriculture stated (June, 1973) that it was not possible to clarify the position at that late stage but the outstanding amounts would be adjusted against the security deposited by all the members taken together which is more than the amount outstanding against some of them.

3.134. The individual members and the Association do not seem to have been informed (February, 1975) of the proposed action.

[Para 50.3.03 (b) of the Report of C&AG (1973-74), Union Government (Civil) pp. 148-149].

3.135. In July, 1951, the then Ministry of Commerce and Industry decided to supply ply logs from Andaman Forests to members of the Plywood Manufacturers Association of India and the Plywood Manufacturers Association of West Bengal on the basis of quotas fixed by the Ministry of Agriculture. The Committee asked why no agreement was entered into either with the Associations or with their individual members before commencement of supplies to them. The Ministry of Agriculture have replied:

“It has not been possible to ascertain why no agreement was executed with the Association but Government’s interest was safeguarded to the extent of the security deposit collected in the form of G.P. Notes.”

3.136. According to audit, some members of the Association had not made payments for supplies to the extent of Rs. 1.54 lakhs. The Committee desired to know what was the present position of the recovery of the outstanding amounts. The Ministry of Agriculture have furnished the following information:

“Latest position of recovery of outstanding amount and steps taken for their recovery is furnished below:

Sl. No.	Name of Party	Amount of security deposit (In G. P. Notes)	Outstanding amount Rs.
1	M/s Varat Plywood	20,000	15,191.30
2	M/s Asiatic Plywood Industries	15,000	13,449.23
3	M/s Assam Bengal Veneer Industries	20,000	16,449.62
4	M/s Andaman Timber Industries	20,000	22,322.69
5	M/s Bengal Plywood Mfg. Co.	20,000	11,207.93
6	M/s B.S. & Co.	20,000	11,441.98
7	M/s Great Indian Plywood Mfg. Co.	20,000	5,194.37
8	M/s Albion Plywood Ltd.	20,000	..
9	M/s Jayashree Plywood	20,000	..
10	M/s Kamrup Industries	20,000	16,505.37
11	M/s Bando Plywood	20,000	16,762.49
		2,15,000	1,28,574.98

The Plywood Manufacturers Association of West Bengal cleared their outstanding dues and their security deposit of Rs. 65,000 was also released to the Association. Out of the eleven firms mentioned above, no dues are outstanding against two firms viz. M/s Jayashree Timber Products and M/s Albion Varat Plywood, four firms viz. M/s Varat Plywood Assam Bengal Veneer Industries, Bengal Plywood Manufacturing Co. and Andaman Timber Industries, have agreed to clear their outstanding. The amounts outstanding against them are within the security deposit except in the case of M/s Andaman Timber Industries in whose case the outstanding amount is more by Rs. 2,322.69 than the security deposit. Arrangements have been made to recover the outstanding amounts and to release the security deposit simultaneously. Other firms have been asked to clear the outstanding and in case they fail to do so, their securities will be forfeited to Government against the outstanding dues."

3.137. The Committee also wanted to know since when was the amount of Rs. 19,025 due from M/s Asiatic Plywood Industries outstanding and further what steps had been taken to recover this amount. The Ministry have stated:

"The amount of Rs. 19,025 is outstanding from 1962. This firm has also been asked to clear the amount outstanding and in case they fail to do so, their securities will be forfeited to Government against outstanding dues."

3.138. As for the possibility of adjusting the security deposited by other members against the amount due from this particular member the Committee learnt from the Ministry that the members of the Plywood Manufacturers Association of India have furnished security deposit in the form of G.P. Notes in their individual capacity and not in the name of the Association. It was, therefore, not possible to recover the dues of one Member from the security of another member.

Audit Paragraph

(c) (i) Difference between the quantity of timber despatched from the Islands and that received at the two sales depots.

3.139. (i) There was always some difference between the quantity of timber despatched from the Islands and that received at the two

sales depots. As a result, the Department suffered a loss of Rs. 1,11,375 during 1969-70 to 1972-73 vide details given below:

Year	Quantity despatched	Quantity received at the sales depots [Cu. Ms.]	Quantity short landed	Value of Quantity short landed
1969-70	20,830*	20,697	141	51,970
1970-71	16,597*	16,480	117	35,559
1971-72	24,771*	24,714	57	19,560
1972-73	24,468*	24,437	31	**6,284
1973-74***	7,986	8,032	..	..
1974-75***	8,869	8,951	Nil	Nil

Notes :

1. *Figures have been taken from the proforma accounts of respective years.
2. **Exclude 13 cases of short-landing which have neither been valued nor claim lodged with the carriers.
3. ***Figures for the year 1973-74 and 1974-75 furnished by the Ministry subsequently.

No remedial measures appear to have been taken to avoid such recurring losses. Efforts made to recover the value of timber short-landed from the Shipping Corporation of India have also not proved successful. The Ministry of Agriculture stated (June, 1973) as follows:

1. The percentage of shortlanding of timber was negligible.
2. The Forest Department was proposing better system of marking and tallying timber at the time of shipment to avoid the possibilities of inaccuracies in measurements or tallying.
3. All the shortlanding cases were under correspondence with the Shipping Corporation of India and others and the question of fixing the responsibility at that stage did not arise.

[Para 50.3.03 (c) (i) of the Report of C & AG (1973-74), Union Government (Civil) pp. 149]

(c) (ii) Shortlanding of timber at Howrah Depot.

3.140. The Department entered into agreement with the Central, Inland Water Transport Corporation Ltd., a public sector undertaking, with effect from 1st June, 1966 under which the latter acts as clearing agents-cum-stockists for Howrah depot. The agree-

ment *inter alia* provides that if on checking of timber against the invoice, the agents find any excess or shortage, a report will be made to the Deputy Conservator of Forests, Depot Division, within 30/60 days from the completion of discharge of the log timber/sawn timber from the ship. In the event of short-landing, the agents are also required to apply to the Master of the Ship for short-landing certificate within the prescribed period of 30/60 days, and in case the short-landing certificate is not received, the agents shall not be responsible for the shortage.

3.141. During the period from 1st June, 1966 to 31st March 1973, consignments of timber to the extent of 27,671 cu.ms. (value not available) were received at Howrah depot in which 606 cu.ms. of timber valued at Rs. 1.71 lakhs were reported to have been short-landed. The agents applied for short-landing certificates to the Shipping Corporation of India but did not get the same. In terms of the agreement, no recovery can be made from the clearing agents. The Department is pursuing these cases with carriers (Shipping Corporation of India Ltd.) but no recovery has been made so far (February, 1975) as the latter have stated that they are not liable for any claim with regard to "shortages of logs in view of the peculiar system involved in the shipment of timber logs from the Andamans." Meanwhile, shortage to the extent of Rs. 1,109 in respect of two shipments has been written off by the Department.

[Para 50.3.03 (c) (ii) of the Report of C & AG (1973-74).
pp. 149-50]

3.142. On the question of short-landing of timber despatched from the Island and received at the two Sales Depots at Calcutta and Madras, the Inspector General of Forest and ex-officio Additional Secretary in the Ministry of Agriculture stated during evidence as follows:

"The main reasons for short-landing have been identified as differences in tallying. In many cases measurements are rounded off into integral units and at the two ends there might be difference in the record of measurement. Then at the time of loading and landing in the case of sawn timbers there are some breakages in the shorter and thinner sections. Of course, there might be some actual shortages. The loading is done on the ships in hatches. If it is a completely filled hatch then the hatch is sealed and right from Port Blair to Calcutta or Madras there is no intermediate point at which it is opened. If it is not a complete cargo then some other cargo is mixed and in that case sealing is not possible.

Therefore a certificate from the ship master that certain amount has been loaded is not available. The form of the certificate is: 'It is said to contain so much material'."

He also added:

"May I place the issue in its proper perspective? The period covered here by the transaction is 5 years and the short-landing is 606 cu.ms. During this period, there must have been at least 80—100 trips, which means a short-landing of 6-7 cu.ms. per trip. This margin of error is less than 3 per cent ."

* * * *

"I am explaining the practical aspect. This is transporting logs over a long distance. Even in foodgrains/sugar handling, these things occur."

* * * *

"There is measurement at one end by one agency and at the other by another."

* * * *

"Regarding the issue of a certificate by the Corporation, we must go through a procedure. In normal shipments, a B/landing is prepared containing particulars of each package, markings, weight, volume, everything. In this case, by mutual agreement, the receipt only says: 'Said to contain so many logs, so many cu.ms'. The agents of the carrier are not associated in the process of measurement at either end. That is why it cannot be verified whether SCI is in any way at fault, because it does not commit itself to the sixth receipt of a particular cargo accurate to the sixth point decimal. If separate valuers are appointed, or people who measure these things, the expenditure involved in that machinery may be much more than the loss incurred in the transaction."

3.143. To a point whether any special study had been made as to what would be the position if these goods had been despatched with proper papers, proper measurements, the representative of the Ministry of Shipping and Transport stated during evidence:

"No particular study has been made. I am not trying to underestimate the implications of the loss. I was only trying to say that the loss is much that it can be attributed to human error or other factors. It may not be due to any undesirable activity by any group. But regarding the cost of appointing a separate independent supervisory machinery for determining the quantity loaded at Port Blair and unloaded here, we have to appoint staff all the year round."

3.144. Replying to the point as to what remedial measures had been taken to avoid such recurring losses, the witness further stated:—

“Certain measures have been taken and the position has improved considerably. The tallying has improved. The Shipping Corporation has also appointed an independent surveyor. These measures came into final effect in July 1975. Now, there has been an appreciable decline in shortlandings. This year so far against 1600 cubic metres of logs and 1500 cubic metres of sawn timber the shortage is found to be 1 cubic metre and nil respectively.”

3.145. When asked whether the logs that had been shipped from Port Blair were under maritime insurance, the former Chief Conservator of Forests in Andamans stated:

“Government cargo is not generally insured and so, the logs are not insured. At the time of loading at Andaman, a tally is done by the Forest Department and after the ship reaches Calcutta or Madras when they are unloaded a tally is again done. Between Andamans and Calcutta or Madras there is no intermediate halting station. In the case of sawn timber which is carried by certain ships, the ships halt at Car Nicobar *en route* to Madras.”

“The logs which are loaded and sent by ship are counted by number and we have got detailed specifications. Each log is given the number and against the number the length and girth of the log is recorded.”

3.146. Replying to point as to whether there was shortage in the number of logs loaded from Andamans or whether there had been some mistake in the measurements of these logs resulting in these shortages, the witness stated:

“The exact position is that in the number of logs also there has been a deficit in the volume also there has been difference because the measurements are taken at both ends by different staff. Normally it should not have been there, but these things have occurred. That is why we have been examining the question to find out how best we could rectify it.”

3.147. Pointing out to the 12 cases of shortlanding which had neither been valued nor had claims been lodged with carriers, the Committee enquired whether these cases had since been evaluated and claims lodged. In a note the Ministry have explained the position thus:

"The 13 cases of shortlandings referred to have since been evaluated and the details are furnished below:

Name of ship	Date	Quantity	Value Rs.	Remarks
1. TSS State of Bombay	24-2-72	Over-carried timber has been unloaded at Madras by subsequent sailing balance at Chatham. Hence there was no short-landing.
2. Do.	2-4-72	2.132	778.20	Net quantity shortlanded is 2.132 cu. m. and not 6.529 cu. m. as the shortlanded quantity has been landed in the subsequent trip. Claim preferred against ship's owners.
3. Do.	15-5-72	0.641	239.71	} Claims have been preferred against.
4. S.S. Mohammedi	4-8-72	0.899	394.51	
5. M.V. Andamans	13-8-72	1.022	223.48	
6. S.S. Mohammedi	25-9-72	0.128	55.37	
7. M.V. Andamans	23-10-72	0.030	0.07	
8. MV. Andamans	26-11-72	0311	..	Since there is no difference in the No. of pieces shipped, the difference due mainly to shortage has been treated as loss in remeasurement. Hence no shortlanding.
9. MV. Nicobar	10-12-72	0.583	174.76	} Claims have been preferred against Carriers.
10. Do.	25-1-73	0.589	279.16	
11. MV. Andamans	3-2-73	1.970	875.50	
12. MV. Nicobars	6-3-73	1.112	331.83	
13. SS. Muzaffari	27-3-73	0.666	150.02	

3.148. The Committee learnt that during April 1973 to November, 1974 also, there had been cases of shortlanding at Howrah depot as

detailed below:—

Name of Ship & Date	Logs		Sawn Timber	
	Qty. (Cu. m.)	Value (Rs.)	Qtyl. (Cu.m.)	Value (Rs.)
Shortlanding of timber at Howrah Depot during 1973-74				
MV Shompen	14-4-73	3'007	1,246'95	.. ..
MV Andaman	20-4-73	..	..	0'08 317'95
Do.	7-5-73	..	..	0'072 25'60
MV. Nicobar	28-5-73	..	..	1'106 28'40
M.V. Shompen	12-6-73	1'980	965'00	.. ..
S.S Mozaffari	21-7-73	..	..	0'038 17'65
MV Andaman	17-10-73	..	..	0'069 17'85
MV Viswa Anand	15-12-73	..	..	13'593 4,075'05
		4'937	2,211'95	15'686 4,882'50
Total quantity shipped			1,170'309	843'364
Shortlanding of Timber at Howrah Depot during 1974-75				
MV Viswa Anand	18-4-74	..	..	1'177 689'95
MV Shompen	12-5-74	9'096	3,639'55	.. ..
Do.	15-11-74	2'529	389'40	.. ..
		11'625	4,028'95	1'177 689'95
Total quantity shipped			1726'950	1715'674

In the above cases also the agents could not get the short-landing certificates from the Shipping Corporation of India. Claims had been preferred against the Corporation and the matter was being pursued.

3.149. In a subsequent note the Ministry had stated that the following remedial measures have been taken to avoid short-landings.

- “(i) A system of fixing metal tokens giving serial numbers before shipment of logs has been introduced to facilitate tallying of timber at Calcutta/Madras Ports.

- (ii) Logs are despatched consignee-wise and in separate hatches to avoid mixing up of logs at the unloading points."

3.150. The Committee enquired when were these measures introduced and their effect on short-landings. In a note, the Ministry have stated the position thus:—

"Remedial measures were introduced in July 1975. As a result of these measures, shortlanding cases are very few as detailed below:—

Year	Shortlandings	
	Logs (Cu. m.)	Sawn timber (Cu. m.)
1973-74	4,937	15,686
1974-75	11,625	1,177
1975-76 to end of June, 1975	14,625	3,333
July to November 1975	1,120	NIL"

3.151. On the question of shortlanding in the port, the Committee were earlier informed that "after examining all possible details, action has been taken to write off shortages where fixation of responsibility was not possible". Later they were informed that "no case of shortlanding of timber preferred against the carriers has been finally settled; the matter was being pursued. The Andaman Administration is being advised to obtain legal opinion in the matter as the Shipping Corporation of India has disowned responsibility for shortlandng".

The Committee were further informed as under:—

"The entire question of shortlandings has been reviewed and it has been found that apart from actual shortlanding there have been instances where difference in tallying and breakage of thinner sections disposed of as depot sweep have also been recorded as shortlandings. Improvement in tallying system has been effected and the Shipping Corporation of India has also appointed an independent surveyor at the time of unloading the timber. The Andaman Forest Department has issued instructions to take breakages into account so that such cases are not recorded as shortlandings. After introduction of improved tallying system and correc-

tion of accounting system, it has now been possible to isolate actual cases of shortlandings and it has been seen that shortlandings are very few."

Audit Paragraph

(d) Targets of despatch to mainland.

3.152. As already mentioned, the timber exported to the mainland is sold through the sales depots at Howrah and Madras. The annual targets fixed for the despatch of timber to the mainland and the quantity actually sent during 1969-70 to 1972-73 are shown below:—

Figures in Cu. ms.

Year	Despatch targets	Quantity despatched	Shortfall
1969-70	37,000	20,838	16,162
1970-71	26,500	16,597	9,903
1971-72	28,500	24,771	3,729
1972-73	31,000	24,468	6,532
1973-74	32,500	26,834	5,666
1974-75	32,500	28,511	3,989

3.153. The shortfall in the quantity exported has been attributed by the Department to non-provisioning of special loaders by the Shipping Corporation of India Limited vide details given below:

Year	Number of special loaders required	Actual number supplied
1969-70	2	..
1970-71	1	..
1971-72	2	1
1972-73	3	..
1973-74	1	1
1974-75	4	2½

3.154. As a result, according to the Department it was left with only one ship 'M.V. Shompen' for the transportation of timber to the mainland. The Department has also stated (31st March, 1974) that these requirements of vessels for shipment of timber to the mainland is intimated to the Shipping Corporation of India, the Ministries of Agriculture and Transport and the Andaman and Nicobar Administration in the month of March for next year.

3.155. The difficulties in achieving the targets of export of timber to the mainland were considered by the Public Accounts Committee in paras 1.1—1.7 of their 74th Report (4th Lok Sabha—April, 1969). The Committee had emphasised that (i) the requirements for additional ships should be carefully assessed and the fleet for transport of timber augmented and (ii) the existing shipping space should be fully and adequately used and frequency of trips improved by minimising delays in loading and unloading operations.

3.156. In November/December, 1969, the Ministry of Agriculture informed the Public Accounts Committee that while one of the existing passenger-cum-cargo vessels viz., "M. V. Nicobar" had been converted into a cargo vessel, a special timber carrier "M.V. Shompen" had been put into service from February, 1968 to meet the special needs of timber/log shipments from the Islands to the mainland. An additional passenger-cum-cargo vessel "State of Bombay" had also been introduced in the mainland-island service from June, 1967. With the introduction of these additional vessels, the position was reported to have improved considerably. Regarding the utilisation of existing shipping space, it was stated that the construction of two permanent jetties at Haddo and Chatham was expected to be completed by 1972. A wharf in Phoneix Bay was also planned to be completed by 1972-73 and with these facilities, it was expected that the harbour facilities and the utilisation of existing shipping facilities would improve.

3.157. It will, however, be seen from the figures of targets of export and the quantity actually exported that there was shortfall in the quantities exported during 1969-70 to 1974-75.

3.158. As regards the vessel "M.V. Nicobar", the Department stated in November, 1974 that although this vessel was converted into a full cargo ship, it was "engaged for only bringing general cargo from the mainland and in very limited cases this vessel was provided for transporting sawn timber to mainland. Due to small hatch opening and limited derrick capacity, 'M. V. Nicobar' was not fit for loading timber logs."

3.159. In addition to 'M.V. Shompen' and 'M. V. Nicobar', there were two regular station vessels available, viz. 'M. V. Andaman' and

the vessel provided by the Shipping Corporation of India (out of T.S.S. State of Bombay, S. S. Mohammedi, State of Madras, Mussafari and T.S.S. Rangat). Both these vessels were cargo-cum-passenger vessels, but none of them could carry logs due to small opening and the hatch and derricking.

[Para 50.3.03 (d) of the Report of the C&AG (1973-74) Union Government (Civil) Pages 150-151]

3.160. The Committee enquired why in spite of the requirements of vessels for shipment of timber to the mainland having been intimated by the Department to the Shipping Corporation of India, the Ministries of Agriculture and Transport and the Andaman and Nicobar Administration in the month of March for the next year, the difficulties experienced in obtaining special loaders could not be sorted out. In reply the Ministry have stated:—

“The Andaman and Nicobar Administration draws up an annual programme for loaders in consultation with the local office of the Shipping Corporation of India. Thus the Corporation is involved from the very beginning itself. Whenever delays in placement of loader occur for operational reasons of the Shipping Corporation of India, the matter is taken up at the highest level both by the Administration and the Ministry. The position with regard to placement of loaders has considerably improved during 1975-76.”

3.161. On the issue of the reason why MV Nicobar was not fit for loading timber logs, the witness explained the position thus during evidence:—

“Ships contain what are called hatches, that is, openings into which the cargo is loaded. For loading this cargo, we have got what are called derricks, which will lift the logs and put them into the hatches. In the case of MV Nicobar, the capacity of the derrick was about one ton, what they call safe working load. Most of the logs from Andamans are more than a ton; sometimes they go upto 5 tons. The normal safe working load of ship derricks between 5—10 tons. Because of this difficulty the inability to carry logs by this particular ship has been stated.”

3.162. The Committee desired to be furnished with information on the steps taken to ensure on uninterrupted export of timber from the Islands to the mainland and to avoid shortfalls in attaining the

target of exports to mainland. In reply the Ministry have stated as follows:—

“The Ministry of Transport and Shipping undertook a detailed study of the problems in 1973 by deputing a senior officer of that Ministry to the Islands. According to his recommendations pertaining to improvement of timber transport from the islands to ensure an uninterrupted export of timber, one more additional loader of MV Shompen type was to be procured. The Shipping Corporation of India is on the look out for procuring a Shompen type of vessel for timber transport. In the meanwhile, the Shipping Corporation of India of late is placing special loaders in quick succession and the position has improved considerably during 1975-76. With the acquisition of an additional Shompen type vessel, the present difficulties will be overcome.”

3.163. The Committee would like in this connection to recall the recommendation of the Cost Accounts Officer that “it is obviously advantageous to sell the timber in the shape of logs rather than in the shape of sawn timber. We have not been able to do this because enough shipping facility was not available for transport of logs to the mainland. The first important action to be taken to improve the working results of the Department is therefore to increase the shipping facility.”

3.164. They would also like to refer to the observations of the representative of the Andaman & Nicobar Administration when they had appeared before the P.A.C. in 1969. The representative had then stated “they had better return on the logs and would very much like to sell the timber in the market. If the ships are not forthcoming they had no option but to let the timber stay and deteriorate or use it in Saw Mills in the Islands which they did not consider very economical.

Audit Para

3.165. (e) Financial results of the working of Howrah and Madras Depots

Both the depots at Howrah and Madras have been working at loss, *vide* details given below:—

Depot	Year	Quantity sold		Cost per cu. m. as at the depot		Selling price per cu. m.		Total loss suffered	
		Logs (Cu. ms.)	Sawn Timber (Cu. ms.)	Logs (Rs.)	Sawn timber (Rs.)	Logs (Rs.)	Sawn timber (Rs.)	Logs (Rupees in lakhs)	Sawn timber (lakhs)
Howrah	1969-70	11,649	1,638	377.85	337.22	299.78	265.21	(-)13.69	(-) 1.88
	1970-71	10,296	Nil	367.37	280.52	290.75	280.52	(-) 8.14	..
	1971-72	12,642	220	385.44	489.74	416.43	461.63	(+) 3.84	(-) 0.69
	1972-73	16,529	1,863	438.56	558.10	401.71	483.20	(-) 5.97	(-) 2.41
Madras	1969-70	3,301	4,312	366.72	576.20	260.76	287.89	(-) 3.74	(-)13.51
	1970-71	7,888	3,330	408.53	667.25	405.87	232.74	(-) 3.37	(-)15.28
	1971-72	6,733	3,420	380.00	665.25	376.30	371.43	(-) 0.26	(-)15.03
	1972-73	5,226	3,691	448.21	607.58	436.87	420.38	(-) 0.62	(-) 7.86

3.166. The main reason the recurring losses is stated to be prohibitive cost mainly because of high element of freight and royalty.

3.167. The element of freight and royalty forming part of the cost per cubic metre is indicated below:

Depot	Year	Total cost per cu.m.		Freight per cu.m.		Royalty per cu.m.	
		Logs (Rs.)	Sawn timber (Rs.)	Logs (Rs.)	Sawn timber (Rs.)	Logs (Rs.)	Sawn timber (Rs.)
Howrah	1969-70	377.85	337.22	94.87	60.70	88.91	114.17
	1970-71	367.37	280.52	109.46	—	72.42	—
	1971-72	385.44	489.74	73.00	67.99	90.67	83.87
	1972-73	438.56	553.10	74.86	63.41	86.12	69.21
	*1973-74	480.32	584.11	96.63	72.87	80.00	81.75
	*1974-75	438.29	695.94	108.29	79.00	Gujran . 75 Hardwood . 52 Softwood . 26	
Madras	1969-70	366.72	576.20	92.72	60.72	108.52	114.15
	1970-71	448.53	667.25	109.26	61.01	90.37	131.67
	1971-72	380.00	665.25	59.04	73.04	103.64	83.82
	1972-73	448.21	607.58	53.34	69.56	95.88	72.00
	*1973-74	476.80	737.12	91.33	51.90	86.10	76.53
	*1974-75	466.55	807.47	108.29	79.00	Gujran . 75 Hardwood . 52 Softwood . 26	

*Figures for the years 1973-74 furnished by the Ministry subsequently.

3.168. In 1950, the Department decided that only those species which could be sold at a profit on the mainland should be sent to these depots. Exports of sawn timber to the depot at Howrah was also discontinued from June, 1969 to minimise the losses on this account, but was again resumed in September 1971, with a view to clearing the large accumulated stocks of Sawn timber.

[Para 50-3-03(c3 of the Report of C &AG. (1973-74), pp. 152-153]

3.169. In a subsequent note furnished to the Committee, the Ministry have indicated the performance of the two sales depots at Howrah and Madras during 1973-74 and 1974-75* as follows:

Depot	Year	(Quantity in cu.m.)				(Rs. in Lakhs)			
		Quantity sold		Cost per cu.m. as at the Depot		Selling Price per cu.m.		Total less suffered	
		Logs	Sawn timber	Logs	Sawn timber	Logs	Sawn timber	Logs	Sawn timber
Howrah	1973-74	13,427	920	480.32	584.11	417.22	570.05	— 8.85	— 1.50
	1974-75	15,494	1,529	438.29	695.94	457.65	413.65	(+) 3.24	(—) 9.89
Madras	1973-74	6,745	4,437	476.80	737.12	410.47	509.35	— 4.28	— 12.99
	1974-75	6,884	4,489	466.55	817.47	488.57	628.26	(+) 0.87	(—) 11.05

The category-wise details for 1974-75 are given below.

(In lakhs of Rupees)

Depot	Logs						Sawn Timber		
	Ornamental wood	Gujran Hardwood	Superior Hardwood	Standard Hardwood	Match logs	Total	Scantlings	Squares	Total
Howrah	— 1.09	+ 4.10	+ 0.60	+ 1.08	— 1.45	+ 3.24	— 10.18	+ 0.29	— 9.89
Madras	+ 4.65	— 0.80	..	— 1.98	— 1.00	+ 0.87	— 10.47	— 0.58	— 11.05

*Audit has pointed out that the Proforma Accounts for 1974-75 being under audit, information given against 1974-75 may be treated as provisional.

3.170. The Ministry have stated that an analysis of the performance of the sales depot during 1974-75 indicates that losses are in the sale of sawn timber only. The main reason for such loss is the poor realisation obtained in auctions for Andaman timber. A preliminary market study has been undertaken to determine the popular sawn sizes in demand in Calcutta market and efforts will be made to maximise shipment of such sizes as are in demand only. Similar exercise will be taken up in Madras market also. Failure to maintain a regular flow of timber to the market is another cause for poor realisation as the buyers at present are not definite about a regular flow. With the improvement in shipping, it is expected that the flow will be more regular and this also is likely to contribute towards better price.

3.171. On the question of sale of logs and sawn timber in the mainland the Cost Accounts Officer had recommended that "Export of sawn timber to the mainland for sale should be resorted to only in respect of such categories and grades which will be profitable if sold in the mainland or when there is any subsidiary production in the mill after meeting the local demand. This sawn timber should be offered for sale in the mainland at fixed prices based on cost and market trends; auctions should be resorted to only in respect of such timber which are not sold at such fixed prices." The Committee, however, learn that sawn timber is not offered for sale in mainland at fixed prices; as in the case of logs sawn timber is sold in auction in mainland.

3.172. Regarding the royalty element in the cost structure of such logs and sawn timber, the Cost Accounts Officer had recommended that "The rate of royalty for the logs extracted should be fixed separately for each category and each grade of logs, the last grade under each category bearing no royalty. The rates of royalty should be fixed in such a manner that the amount realised on this account would be sufficient to meet the expenses of the forestry activity; it should also be fixed in such a manner that the trading activity can afford to pay it and yet work with profits." The Committee learn that it has not been possible for the Government to implement the two tier system of royalty viz. category-wise and grade-wise because the same is not considered feasible.

Audit Paragraph

(f) Selling prices of logs

3.173. The Ministry of Agriculture have laid down the following criteria for determining the selling prices of logs supplied to the

private match wood factories in the Island as well as the Railways:—

- (i) No profit element is added while fixing the selling prices of logs for supply to the match-wood factories.
- (ii) In the case of supply to Railways, ex-ship cost of logs at mainland port (Calcutta or Madras) *vis-a-vis* average market rate is taken into account.

3.174. The above criteria is not, however, strictly followed by the Ministry while fixing the selling prices actually. For instance, the sale price of logs sold to the private match wood factories was far below the cost of production of the previous as well as current year, as per details given below:—

Year	Quantity of logs sold (Cu. ms.)	Cost of production per Cu.m. (Rs.)	Selling price per Cu.m. (Rs.)	Total loss (Rs.)
1969-70 . . .	6,250	199.19	127.83	446,007
1970-71 . . .	6,404	221.75	127.22	6,01,383
1971-72 . . .	6,030	224.59	120.77	6,24,831
1972-73 . . .	6,026	251.98	133.95	7,11,037

3.175. The sale of sawn timber to local people is made at concessional rates which are far below the cost of production. The Ministry of Agriculture stated (June 1973) that the question of giving subsidy to cover losses incurred on the sale of timber to local people at concessional rates is under the consideration of Government.

[Para 50.3.03 (f) of the Report of C & AG (1973-74), pp. 152—154.]

3.176. The Ministry had stated in July 1975 that the question of giving subsidy to cover losses on the sale of timber to local people is still under the consideration of Government. Subsequently in a written note furnished to the Committee, the Ministry stated that the matter was considered by Government and it was felt that it was not appropriate for one Department of the Government to subsidise the other. It was considered that the extent of loss suffered by the Andaman Forest Department as a result of subsidised sale of timber to the local people can be shown in proforma accounts by a suitable foot-note.

3.177. On the question of differential selling prices of logs for local match wood factories the representative of Ministry of Agriculture explained the position thus:—

“The picture presented is this, viz. that the log is being sold at two different prices to two different agencies. I submit that in the development of timber trade of Andamans, there has been a factor involving two kinds of logs called soft wood or floaters and hard wood or sinkers. As I have known the position since 1948 the soft wood species of lesser value are balanced for their buoyancy with the heavier timber i.e. hard-wood logs. The Railways are getting a specification of timber which is of the highest quality available in Andamans. Such specifications are very highly priced. The match industry is taking the cheaper quality logs known as broadleaf softwood species. They are easily perishable; and normally, if they are stored for more than a month and a half, heavy deterioration sets in. It has been the policy from those early days, to utilise the incidentals for the match factory in the WIMCO. The principal species exploited, used to be the hard wood species and those species were the only ones which had a ready market. The Wimcos have been using species which are the cheapest of timbers available in that area.”

3.178. Asked why in determining the prices of timber which earned good profits to WIMCO element of profit was not added to it, the representative of the Forest Department replied:—

“I shall tell you the basic method of rafting timber. When timber is drawn out from the extraction coopers at the creeks, they have to be floated out, and in the floaters. It was at that stage of the timber being thrown away that in the early days the Wimcos were given the benefit of utilising these weed species. My memory would not be able to recall the exact figures. My friend, Mr. Thangam, will be able to give the figures. But I may submit again that the floater logs, as they were called in the early days, were just being brought along with sinkers and thrown away. At least they were put to some national use.”

3.179. The Committee referred to the fact that in 1969-70 when the cost of production was Rs. 199.19 per cubic meter the sale price was only Rs. 127.83. Similarly in 1972-73 the cost of production was

Rs. 133.95 only. In the light of these facts they enquired why over a period of years, contrary to the Departments criterion logs were being sold to WIMCO at a loss. The witness replied:—

“I could only submit that the WIMCOs have not been given timber below the market price. If we inflate the price with certain in-built dis-incentives, then the price would go up above the market price and the commodity will become unsalable. It was with that intention to make the lesser valuable species salable that the price was fixed more or less on the basis of the market price. I may again submit that the ruling criterion is the market price and I do not remember having recommended to the Ministry when I was there, a price below the market price. Mr. Thangam will give details of the break up.

3.180. In a note the Ministry have furnished the figures of sale price of logs sold to private Match Wood Factories 1973-74, as follows:—

“The selling price, per cu. m. of match logs indicated in the Audit Para for the year 1969-70 to 1972-73 is not factually correct. Audit has derived the selling price by dividing the actual cash realised during the year by the quantity supplied. The actual selling price was as follows:—

1969-70	Rs. 129 per C.u.m.
1970-71	Rs. 134 per C.u.m.
1971-72	
1972-73	

The information for 1973-74 is given below :

Year	Qty. of logs sold per C. u.m.	Cost of production per C.u.m.	Selling price per C.u.m.	Total loss
	Rs.	Rs.	Rs.	Rs.
1973-74	4,646	274.86	141	6 la khs

3.181. It would be seen from the above figures that although the sale price in 1969-70. and 1972-73 were a little more than those indicated in the audit para, it does not alter the fact that the prices charged to WIMCO were actually lower than the cost of pro-

duction. The figures of 1973-74 are in fact more disturbing the cost of production being Rs. 274.86 per c.u.m. and the selling price being Rs. 141 c.u.m.

3.182. In a note, the Ministry have explained the circumstances in which logs were supplied at concessional rates, far below the cost of production to private factories like WIMCO as follows:

"...The Andaman Forest Department submitted proposals for fixation of prices for different categories of logs. Two alternative methods for determining the local sale price of match logs were suggested in the proposal of the Administration (A) According to Production cost based on the Proforma Account available at that time (B) According to the production cost worked out on the basis of the recommendations of the Study Team headed by the Deputy Inspector General of Forests which visited Andaman Island in 1971. Prices determined by the above methods were compared with prices realised in auction sales at Calcutta after deducting freight and shipment costs. It is however, mentioned that match logs are not generally despatched to Calcutta/Madras by the Andaman Forest Department but disposed off locally in the Islands itself. Test auctions are held from time to time to study market rates for Andaman match logs in the mainland.

In the following Table prices of match logs as determined by the two alternative methods are given:

Item	Cost as per proforma account 1969-70 (which was the latest available proforma account at that time.		Cost (items 1 to 3 based on the recommendation of the Study Team.*	
	A		B	
	Cost Rs./ Cum	Break up of Cost	Cost Rs./ Cum.	Break up of cost
1	2	3	4	5
(r) Cost of logging upto Ghat Depot.*	51.87	Direct charges 38.24	Direct charges 38.24	38.24
		Direct Over-heads 13.63	48.00	70% of Direct Overheads or Say 9.57
		51.87		47.81
				48.00

*Under 'A' entire expenditure on direct overheads has been booked to cost of production of logs under 'B' only 70% of direct overheads has been apportioned to cost of production of logs.

1	2	3	4	5
(2) Transport charges up to delivery Depot*	33*14	..	26*70	70% of Rs. 38*14
(3) Share of General overhead**	61*80	..	13*90	General overheads excluding dues realisable from M/s P. C. Ray & Co. works out to Rs. 21,08,036. 45% of the above amount is Rs. 9,81,016*20 This amount divided by total amount of timber departmentally extracted (70,076 m.) works out to Rs. 13*90 per cu.m.
<p>(i) The element of cost which, according to the Management artificially inflate the cost have not been specified.</p> <p>(ii) Audit has pointed out that the cost based on the recommendation of the Study Team has been computed after adding 45% of the general overheads as against 74*07% booked to logging capacity as per the Proforma Accounts. However, only 70% of the direct overheads and transport charges have been apportioned to cost of production based on the Study Team's recommendation. The basis and the considerations on which such production in percentage has been found necessary have not been indicated as such the correctness of cost of production as worked out under 'B' cannot be vetted in audit.</p>				
(4) Share of Addl. expenditure on bringing casual labour to regular scale of pay and cost of stores	19*35	Rs. 10*24 increase on account of pay & interim relief +9*11 (6% increase on cost of production viz. (1)+(2)+(3))	10*83	70% of Rs. 15*54 (Rs. 10*24 on account of pay interim relief +Rs. 5*30 being 6% increase on cost of production viz. (1)+(2)+(3) above.)
<p>(As the proforma account for 1970-71 was not ready, the Administration proposed to include the contribution of estimated-escalation due to award of regular scale of pay to casual labour and cost of stores).</p>				
(5) Royalty***	47*62	24*50		
TOTAL:	218*78	123*98	Say Rs. 124*00	
Remarks*	Under 'A' entire expenditure on direct overheads has been booked to cost of production of logs. Under 'B' only 70% of direct overheads has been apportioned to cost of production of logs.			
Remarks**	Under 'A' 74*07% of the general overheads (inclusive of interest on dues realisable from M/s P. C. Ray & Co.) has been booked to logging activity Under 'B' interest on dues realisable has been excluded and only 45% of the general overheads has been apportioned to logging cost.			
Remarks***	In the proforma Account under 'A' royalty is the same as the royalty payable by M/s P. C. Ray & Co. for match logs extracted from the North Andaman Lease area. This is national amount as no royalty is realised by the Government at that rate. Under alternative 'B' therefore, it was considered appropriate to include the element of royalty determined by open tender basis. When the Department invited tender for disposal logs on stumpage, the highest stumpage offered was Rs. 23/- per cum. for Papita and Rs. 26/- per cu. m. for other match logs. The average was, therefore Rs. 24*50 per cum.			

The average rate obtained in tests auctions held at Calcutta during 1968-69 was Rs. 102 per cu.m. only. The value realised at Calcutta did not even pay for the cost of freight and shipment charges (which was Rs. 129.88) let alone the cost of exploitation and royalty. Thus, the price was to be based on cost of production reflected either in the Proforma Accounts or according to the recommendations of the Study Team pertaining to logging and transport plus Royalty obtained in coupe sales by tender. In view of the fact that Proforma Account did not reflect a true picture of the cost of production, as it included heavy share of general overheads, the cost determined according to the principles recommended by the Study Team was accepted as the basis for determining the price. It worked out to Rs. 124/- per cu.m. and was quite favourable when compared with the value of match logs determined on the basis of test auctions held at Calcutta.

The prices fixation was also examined on the basis of rates fixed for 1969-70 which were Rs. 181 per tonne or Rs. 127.84 per cu.m. Taking this price as base figure an *ad-hoc* increase of 5 per cent was added to cover the increase in cost. The increase had also to be in line with the prices of non gurjan plylogs which were fixed at Rs. 135 per cu.m. The prices of match logs fixed at Rs. 134.00 per cu.m. were thus more than the prices prevailing during the immediately previous year and also covered the cost of production as per Study Team's recommendation."

3.183. The Ministry have stated, as would be seen from the details given above, selling price was above the cost of production, after exclusion of extraneous elements in costing. It has been stated that no cost benefit analysis was carried out in respect of profit and loss of the WIMCO match factory of Port Blair before fixation of price of match logs.

3. 184. Referring to the criterion mentioned in the Audit report *viz.* that no profit element is added while fixing the selling prices of logs for supply to the matchwood factories, meaning thereby that the selling prices have to conform to the cost of production (and not lower) the Committee enquired why the criteria for fixing

the selling prices was not being followed. The Ministry have explained thus:—

“The criteria adopted by the Ministry for fixation of selling price of match logs are:

- (i) Cost of production as reflected in the latest available Proforma Accounts, after isolating extraneous elements in costing.
- (ii) Market rates in the mainland as determined by auctions of Andaman timber in Calcutta.

The above criteria have been followed in fixing the rate of match logs.”

It would thus appear that there is a shift from the original criterion laid down.

3.185. The Committee have been furnished the following further information:

“(a) The price at which match logs were supplied in the islands during the last three years is as follows:

	Rs. per cum
1972-73	134
1973-74	141
1974-75*	—
	169.95

(b) The cost of export and transportation to the mainland during 1974-75* is as follows:

	Rs. per cum
(i) Export depot cost	50.61
(ii) Freight	88.30
(iii) Surcharge	20.00
(iv) Depot Establishment charges	35.75
TOTAL:	194.66

*Audit has pointed out that the proforma accounts for 1974-75 being under audit, information given against 1974-75 may be treated as provisional.

- (c) Andaman match logs are not departmentally deputed to the mainland for sale. Match logs are sold at F.O.B. rates (as indicated below) and the buyer himself meets the export cost:

	Rs. per cu.m.
1972-73	139
1973-74	146
1974-75*	177

*Audit has pointed out that the Proforma Accounts for 1974-75 being under audit information given against 1974-75 may be treated as provisional.

Small quantities of match logs are however sent to the mainland on rare occasions to test the market rate for Andaman match logs. The mainland Forest Departments normally do not sell match logs at fixed prices. Trees are marked in the forests and disposed on payment of stumpage. The industries themselves undertake the extraction of timber.

- (d) The cost of production of match logs as reflected in the Proforma Accounts for 1974-75* (under finalisation by the Andaman Forest Department) is Rs. 196.01 per cum. including royalty. The price for local sale of match logs for the above year was Rs. 172/- per cum."

- (g) *Export of timber|timber products from Andaman*

3.186. The Committee learn that no Andaman timber or timber products have been exported directly to foreign countries by the Forest Deptt. However, the private industries operating in the islands have exported timber products to foreign countries from out of the produce of their factories in the islands as follows:**—

(i) *M/s Jaysree Timber Products*

Year	Quantity exported (Sq. m)	Countries
1970-71	83986.51	U.A.R., Srilanka
1971-72	27487.00	U.A.R.
1972-73	NIL	
1973-74	24553.88	Kuwait
1974-75	214659.60	Kuwait, Iraq.

*Audit has pointed out that the Proforma Accounts for 1974-75 being under Audit, information given against 1974-75 may be treated as provisional.

**Audit has pointed out that these figures are not susceptible of verification from the Department's record.

(ii) *M/s Andaman Timber Industries*

<i>Year</i>	<i>Quantity exported (Sq. m)</i>	<i>Countries</i>
1972-73	24862·350	Alexandria
1973-74	188798·316	Baghdad
1973-74	73223·406	Mombasa
1973-74	2527·975	Aden
1973-74	4231·781	Essen
1974-75	48691·616	Baghdad
1974-75	14845·373	Mombasa

Details of foreign exchange earnings as furnished by the firms are given below:

<i>Year</i>	<i>M/s Jayshree Timber pro- ducts.</i>	<i>M/s Andaman Timber In- dustries</i>	<i>Total</i>
	<i>—Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1970-71	3,11,565·22	NIL	3,11,565·22
1971-72	93,446·30	NIL	93,446·30
1972-73	NIL	1,18,350·32	1,18,350·32
1973-74	2,17,662·18	17,25,601·93	20,03,264·11
1974-75	18,40,161·62	4,47,919·95	22,88,081·57

3.187. The Ministry of Agriculture have stated that during 1974-75 export policy was liberalised with regard to export of Andaman Timbers by increasing the quantity limit from mainland ports and direct export from the islands. Despite this there was no direct exports. During 1976-77, it is proposed to further liberalise the policy by removing all restrictions on export of Andaman Timbers. The question of setting up of an export promotion Council for Timber and Timber products is also under consideration to promote export of timbers from the country.

3.188. It is unfortunate that substantial quantities of extracted timber represent second-rate logs and are not saleable in the form of logs to the ultimate consumers. These second-rate logs, it appears, have to be converted into sawn timber before sale. The quantity of logs thus taken for sawing represented 44 per cent to 47 per cent of the total logs extracted every year. This seems to the Committee to be the main reason for the unprofitable character of the trading activity of the Forest Department. The question of improvement in the quality of logs was gone into by the Cost Accounts Officer and he had suggested a number of measures to improve the quality of the logs, and those recommendations were accepted by the Ministry. If the percentage of logs sold through Howrah and Madras Depots to the total quantity of timber extracted, however, is any indication the Committee do not see any improvement having taken place since. Attention needs to be drawn to the 96th Report (4th Lok Sabha of the Public Accounts Committee, where they had impressed upon Government the need to evolve a scientific procedure for grading, storage and transportation of logs and for adequate supervision at all stages. The Committee ask Government urgently to review their methods of logs disposal so that, until such time as wood based industries are properly developed on the Island, the maximum quantity of logs can be sold in the mainland.

3.189. The Committee note that the then Ministry of Commerce & Industry decided in July 1951 to supply plylogs from the Andaman forests to the members of the Plywood Manufacturers Association of India and the Plywood Manufacturers Association of West Bengal on the basis of quotas fixed by the Ministry of Agriculture. The supply continued to be made till 1967. No agreement in this regard, was entered into either with the Associations or the individual members, and the Ministry is unable even to find out the reasons, why it had been decided that no agreement was called for.

3.190. Although the Plywood Manufacturers Association of India and the Plywood Manufacturers of West Bengal were required to deposit the sum of Rs. 20,000 and Rs. 5,000 respectively for each member as security deposit, the amount was accepted directly from the members. In one case, a sum of Rs. 15,000 instead of Rs. 20,000 was accepted. A sum of Rs. 1.54 lakhs thus was out-standing from different members at the time when the scheme of supply to the Members was discontinued i.e. in 1968 in September 1969, the Department informed Audit that the possibility of adjusting the total security deposits against the amounts due from some members of the Association was under consideration. In June, 1973 the Ministry informed Audit in more definitive terms that the outstanding amount would be adjusted against the security amount deposited by all the members taken together. This

expectation, however, has been foiled. In reply to a specific query, the Committee have now been informed that as the members had furnished the security deposit in their individual names and not in the name of the Association, it was not possible to recover the dues of one member from the security deposit of another member.

3.191. The Committee are distressed at the manner in which the whole transaction has been handled right from the beginning. It is not clear why a formal agreement had not been entered into with the Plywood Manufacturers Association. Common prudence required such an agreement, particularly when the value of supplies made to individual members at a particular point of time were not restricted to the security deposited by them. The Committee can only ask Government to learn at least from this experience and be more careful in future.

3.192. It is somewhat gratifying to learn the latest position which is that against the outstanding dues (Rs. 1.28 lakhs) from individual parties, their deposits amount to Rs. 2.15 lakhs. The Committee would like expert legal opinion to be taken in the matter and the outstanding dues realised early. The Committee would also like to know the precise steps taken from 1967 onwards for the recovery of the outstanding amounts. If nothing concrete has been done in that regard the Committee would like the matter to be thoroughly investigated and responsibility fixed.

3.193. The Committee are constrained to observe that they are not happy over the casual manner in which replies are given to important points raised by Audit. They would strongly recommend that the circumstances in which Audit was wrongly informed in 1973 about the adjustment of outstanding dues from the security deposits of all the members taken together (when this was not possible), should be investigated and responsibility fixed.

3.194. The Committee note that a portion of timber extracted every year is transported to the two depots (Howrah and Madras) on the mainland, in the form of logs and sawn timber, for sale. There has always been some difference between the quantity of timber despatched from the island and that received at the mainland. The Forest Department attributed the difference to a variety of reasons such as the absence of tallying and difference in the record of measurement. Another reason stated was that the loading is done in hatches, and if it is a completely filled hatch, then it is sealed, if it is not a completely filled hatch other cargos are also allowed. The value of quantity shortlanded amounted to Rs. 1.32 lakhs during 1969-70 to end of December 1974.

3.195. No serious thought appears to have been given to this chronic problem till July 1975. The Department seems even to have been complacent because, according to them, the quantity shortlanded was negligible. Only from July 1975 (presumably after the P.A.C. had taken up the matter for examination) the Department has decided (i) to fix metal tokens to logs before their shipment to facilitate tallying at Calcutta and (ii) to despatch logs consignee-wise in separate hatches to avoid mixing up at the unloading points. The Committee expect that with these new measures, shortlandings would be avoided.

3.196. The Committee regret absence of any formal agreement with the carriers, with the result that responsibility in the matter of recovery of the value of logs and sawn timber shortlanded is a point of dispute. This is yet another instance where the Andaman Forest Department entered into an arrangement with a party without formal agreement. The Committee would like Government to investigate why such lapses occurred and to remedy the situation.

3.197. The Committee were at one stage informed that after examining all aspects of the matter it had been decided to write off shortlanded where fixation of responsibility was not possible. But presumably after the Committee had taken up the matter, the Ministry of Agriculture thought it fit to advise the Andaman Administration to obtain legal opinion on the issue. The Committee would like the Administration to pursue the matter further and if it is found that there was negligence on the part of the Forest Department responsibility must be fixed and all necessary remedial measures taken.

3.198. The Committee regret that the quantity actually despatched during 1969-70 to 1972-73 has been consistently below the annual target fixed for the despatch of timber of the mainland. The shortfall has been attributed by the Forest Department to non-provisioning of special loaders by the Shipping Corporation of India.

3.199. The difficulties in achieving the targets of export of timber to the mainland were considered by the Public Accounts Committee in paras 1.1—1.7 of their 74th Report (4th Lok Sabha—April, 1969). The Committee had emphasised that (i) the requirements for additional ships should be carefully assessed and the fleet for transport of timber augmented and (ii) the existing shipping space should be fully and adequately used and frequency of trips improved by minimising delays in loading and unloading operation. .

3.200. In November/December 1969, the Ministry of Agriculture informed the Public Accounts Committee that while one of the existing passenger-cum-cargo vessels viz. "M. V. Nicobar" had been converted into a cargo vessel, a special timber carrier "M. V. Shompen" had been put in service from February, 1968 to meet the special needs of timber/log shipments from the Islands to the mainland. An additional passenger-cum-cargo vessel "State of Bombay" had also been introduced in the mainland island service from June 1967. Regarding the utilisation of existing shipping space, it was stated that the construction of two permanent jetties at Haddo and Chatham was expected to be completed by 1972. A wharf in Phoneix Bay was also planned to be completed by 1972-73 and with these facilities, it was expected that the harbour facilities and the utilisation of existing shipping facilities would improve. The Committee, however, regret to note from the figures of the targets of export and the quantity actually exported that there was shortfall in the quantities exported during 1969-70 to 1972-73.

3.201. As regards the failure to convert "M. V. Nicobar" into a full cargo ship due to small hatch opening and limited derrick capacity, the Committee are constrained to point out that in reply to their earlier recommendations on the subject, the Ministry had not placed the correct facts before them in 1969 in regard to M. V. Nicobar being used for transporting timber logs to the mainland after its conversion into a cargo ship. Audit has pointed out that the two vessels made available by the Shipping Corporation of India, in addition to "M. V. Nicobar" and "M. V. Shompen", were also not capable of carrying timber logs because of small opening and the hatch and derricking. The Committee deplore the desultory manner in which the problem of shipping facilities has been dealt with by the Forest Department. It is surprising that it was not before 1973 that the Ministry of Transport and Shipping made a detailed study of the problems faced in the export of timber to the mainland. Efforts, it is learnt, are still being made to procure an additional timber carrier. The Committee would like a more earnest approach of Govt. in the matter and better expedition in work.

3.202. The Committee stress strongly the urgent need for augmenting shipping facilities so that the entire targeted quantity of timber can be sent efficiently to the mainland. It is relevant in this connection to recall that the representative of the Forest Department had admitted before the Public Accounts Committee in 1969 that it was more remunerative selling timber in the mainland market. The Cost Accounts Officer had also clearly expressed the

view that it was advantageous to sell the timber in the shape of logs rather than in the shape of sawn timber for which increase in shipping facility was essential.

3.203. The Committee find from the Audit report that the sale of timber both in the form of logs and sawn timber, at the two sale depots at Howrah and Madras, had resulted in loss to the extent of Rs. 88.61 lakhs during the years 1969-70 to 1972-73. During 1973-74 also there was a loss to the extent of Rs. 23.71 lakhs on logs and sawn timber taken together. In 1974-75 there was loss in the case of sawn timber only

3.204. The Ministry have attributed the losses in sawn timber to poor realisation obtained in auction for Andaman timber. A preliminary market survey has been undertaken now to determine the popular sawn sizes in demand in the Calcutta market and a similar exercise is proposed to be taken up in Madras also. The Committee regret that this is another instance where the Ministry or the Forest Department did not take timely action although they were aware that heavy losses were being incurred through sale of sawn timber in the mainland depots. They hope that these surveys would be completed soon and remedial measures taken in order to ensure that the losses on sale of sawn timber do not become a permanent feature. They also recommend that the efficiency of these measures should be evaluated periodically and suitable amendments made in time as that the department can be put on a sound economic footing...

.. 3.205. The Committee that sale price of logs sold to private match-wood factories has been lower than the cost of production in the years 1969-70 to 1974-75. The explanation of the Ministry is that the logs supplied to WIMCO are of cheaper quality and if those are not supplied to match factories there will be further deterioration to those logs. They have also contended that the price charged to the WIMCO was not below the market price. The Committee were informed that two alternative proposals had been submitted for fixation of prices of logs sold to matchwood factories—one based on the Pro forma Accounts and the other based on the recommendations of the Study Team headed by the Deputy Inspector General of Forests. The price fixed on the first basis worked out to Rs. 218-78 per cu.m. while the price fixed on the second basis worked out to Rs 124.00 per cu.m.—indicating a wide difference. The Committee, however, note from the information supplied to them that during the year 1972-73, 1973-74 and 1974-75 match-logs were sold to buyers from the mainland at FOB rates Rs. 139 per cu. m., Rs. 146 per cu. m. and Rs. 177 per cu.m. This would show that the price at which it was sold to match-wood factories in the Islands was definitely lower than what it could fetch in the mainland. The Committee, therefore,

do not feel convinced of the justification given for the sale of match logs to private parties in the Islands at below cost... They also do not accept the manner in which the cost is worked out on a rather hypothetical basis for the purpose of fixing the price for the sale of logs to these parties. It is surprising that no cost-benefit analysis has been carried out in respect of the profit and loss of WIMCO factory at Port Blair. The Department should have known the capacity of the match-wood factories to bear the extra price. The Department should also realise that if they are dependent on these firms for the sale of match-logs, these parties are also in turn dependent upon the Department for the supply of these logs. When the Department is losing heavily in the sale of these logs (if full elements of cost are taken into account), an attempt should have been made to find out the extent to which these industries could have been asked to pay extra so that the administration's forest operations could be economical.

3.206. The Committee are informed that while no timber or timber product from the Islands have been directly exported to foreign countries by the Forest Department, the private industries operating in the Islands have been exporting large quantities of timber products from out of the produce of their factories in the Islands, to neighbouring countries. Apparently the export trade is considered profitable by these industries, while Government appear not even to have contemplated the export potentialities of Andaman timber or timber products. While the problem of recurring and heavy losses in the working of the Department should be appropriately tackled, the Committee would like serious thought to be given, and early action taken, to the export through State agency of Andaman timber and timber products.

E. EQUIPMENTS AND STORES

Audit Paragraph

3.207. (a) *Equipment*—As on 31st January, 1974, the Department had 21 tractors and 8 locomotives for hauling timber, etc., 8 tractors and one locomotive had outlived their lives and were lying unutilised (exact dates are not available). Besides, 6 tractors (two in 1961-62, two in June 1969 and for the remaining two (the information is not available) and one locomotive (August 1967) has been declared unserviceable. Out of these, 6 tractors and one locomotive were disposed of in April 1973. The loss incurred on the disposal of

these equipment cannot be ascertained, as proper records showing the cost of acquisition, their depreciated value, etc. have not been maintained by the Department. However, three out of these six tractors were purchased from the Relief and Rehabilitation Department on 29th January, 1966 but were not utilised at all till their disposal on 18th April, 1973.

[Para 50.3.04 of the Report of C&AG (1973-74), p. 154]

3.208. The Ministry of Agriculture informed the Audit in July, 1975, that out of 21 tractors and 8 locomotives, six tractors and one locomotive were declared unserviceable and were disposed of in May, 1973 for Rs. 12,005. Another 4 tractors have been declared unserviceable and are awaiting disposal. The remaining 11 tractors and seven locomotives are in working condition and are in use. It has also been stated that detailed accounts indicating the value and depreciation of these equipment are maintained and exhibited in the *proforma accounts* every year.

3.209. It is, however, seen from the *proforma accounts* that only consolidated figure of the cost of timber trucks, tractors, locos and roller stock along with the depreciation provided thereon, is exhibited in the *proforma accounts* and not the cost of individual tractors, locomotives etc. so as to determine the loss incurred or profit made on their disposal.

3.210. The Ministry had also informed the Audit that the 21 tractors include 5 purchased from Relief and Rehabilitation Department, out of which 2 have been declared uneconomical and orders for their disposal were issued in March 1974. One more tractor is not in working condition and technical survey is being conducted to determine its usefulness. The remaining 2 tractors are in working condition.

3.211. On local verification the audit had, however, found that out of 2 tractors (against 5 purchased) purchased from Relief and Rehabilitation Department and declared uneconomical for further use, one tractor (T/25) did not work at all and was not actually removed from site right from the date of purchase i.e. 29-1-1966 to July, 1973; and the other tractor (T/38) worked for 958 hours only after major repairs. The third tractor (T/32) which is now being technically surveyed also did not work at all.

3.212. In a written note furnished to the Committee the Ministry of Agriculture have elucidated the position regarding the number of hours each of the 11 tractors and 7 locomotives were actually

utilised during the last 3 years and how the utilisation compared with the number of available hours as follows:

(a) Tractors:

Sl. No.	Description of the Tractors Regd. No. etc.	No. of working hours available in each year*	No. of hours actually utilised		
			1973	1974	1975
1	2	3	4	5	6
1	Cat. D-6 Tractor No. 928 stationed at Baratang (South Andaman)	1,120	898	651	831
2	Cat. D-6 Tractor No. 507 stationed at Kalatang (South Andamans)	1,120	802	826	726
3	D-7 MM27 stationed at Wright Myo (South Andamans)	1,120	1310	1245	1207
4	A. C. Tractor No. AN. 446 Stationed at Baratang (South Andamans)	1,120	830	(Not used for want of imported sparea)	
5	Cat. 8 Tractors T-34 (Middle Andamans)	1,120	59	615	452
6	Cat. 8 Tractor T-39 (Middle Andamans)	1,120	777	588	395
7	D-8 Tractor AN 450 (Middle Andamans)	1,120	523	498	455
8	Cat. D-6 Tractor AN 444 (Middle Andamans)	1,120	470	660	517
9	Cat. D.6 AN 906 Tractor stationed at Diglipur (North Andaman)	1,120	1316	946	544
10	Cat. D.8 Tractor AN 449 (Little Andamans)	1,120	832	515	628
11	Cat. D-6 Tractor AN 506 stationed at Little Andamans	1,120	911	1,114	736

*On an average tractors work during 7 months in a year. They cannot work during heavy monsoon period. The average number of working days for the tractor in a week is 5, as one day is generally required for maintenance. Thus the total number of available working hours during a year is 1120 (20 days x 7 months x 8 hours).

The shortfall in actual hours worked by most of the tractors is due to the fact that almost all of them are very old and frequent break-downs were unavoidable. Most of them have already worked

for more than 10,000 hours—the economic life prescribed by the makers.

Locomotives:

Sl. No.	Description of the locomotive	No. of working hours available in each year	No. of hours actually utilised		
			1973	1974	1975
1	2	3	4	5	6
1	Brooks Vile Loco No. stationed at Wrafter's creek (South Andamans)	1,120	974	307	507
2	Brooke Ville Loco stationed at Wright Myo (South Andamans)	1,120	1996	1430	1587
3	Brooke Ville Loco stationed at Bakultala (Middle Andamans)	1,120	Nil	154	619
4	Brooke Ville Loco stationed at Tro-rating (Middle Andamans)	1,120	180	470	457
5	Ruston Loco stationed at Rampur (Middle Andamans)	1,120	202	417	126
6	Fowler Loco stationed at Rampur (Middle Andamans)	1,120	238	708	112
7	Fowler Loco stationed at Bakultala (Middle Andamans)	1,120	Not in use for want of spares.		

NOTE: All the locomotives are old and they have already exceeded the number of working hours suggested by the makers.

3.213. As regards the loss incurred or profit made on the disposal of 6 tractors and one locomotive the Ministry of Agriculture have stated that the written down value of six tractors and one locomotive declared as unserviceable and disposed in May 1973 was nil. Hence the entire proceeds of Rs. 12,005/- was profit.

3.214. Explaining the reasons for purchasing the 2 tractors which have not worked at all the Ministry of Agriculture have stated as follows:—

“The 5 tractors from the Relief & Rehabilitation Organisation were transferred to the Forest Deptt. in 1966 to enable the Forest Department to take up extraction of commercial timber in the area selected for settlement purpose, as the equipment available with the Forest Department was inadequate for the purpose. Before the tractors were transferred, the Andamans Forest Department did express its concern about the condition of the equipment but accepted the same in view of the urgent nature of the work. At that time a clear decision was not available as to whether the Forest Department was to pay hire charge or book value. The Department of Rehabilitation in

consultation with the Ministry of Finance raised debit against the Andaman Forest Department for the book value and transportation cost of the tractors *vide* their letter No. 2(7)/DNK/72/RH-III dated 24-5-1968 and the forest Department accepted the decision of the Government. The Ministry of Agriculture, however, was not consulted either by the Department of Rehabilitation or the Ministry of Finance. Since the transfer was accepted by the Andamans Forest Department pursuant to Government decision, the question fixing of responsibility did not arise."

3.215. It was stated during evidence that the Department had on its books a large number of tractors and other equipment, most of which were very old and were not giving adequate service and that it had not been possible to replace such old equipments as and when required, on account of constraints of resources. The Committee therefore desired to be furnished with a detailed not indicating, *inter-alia*, the details of such equipment which have outlived their utility, their value and period for which they have remained unused and the steps taken periodically to replace them. The Committee also desired that the funds asked for replacement of such equipment, the funds actually provided and the mode of their utilisation may also be indicated. The information furnished by the Ministry of Agriculture is as follows:—

"The last review about the status of equipment was undertaken by the Andamans Forest Department in 1972. Information with regard to the condition of the equipment according to the review conducted in 1972 is furnished below:—

Sl. No.	Particulars	Year of purchase	Original Value Rs.	Remarks
1	2	3	4	5

(A) Tractors which have outlived their utility

1	A.C. Tractor AM-446 . . .	1959		Lying idle since 1974
2	Caterpillar D-8 Tractor T-34 . . .	1966 (Second hand)	52,804	Idle almost through out the year 1973. Put back to work after heavy repairs but working condition is unsatisfactory.

1	2	3	4	5	6
3	Caterpillar D-8 Tractor T.39	1966 (Second hand)	52,804	Kept working with frequent repairs since 1973.	
4	D-8 tractor AN-450	1954 (Second hand)		Kept working with frequent repairs since 1972.	
5	D-8 tractor AN-444	1953	61,919	Working with frequent repairs.	
6	D-8 tractor AN-449	1955	1,06,053	Working with frequent repairs since 1974.	

(B) *Locomotives*

1	Brooke Ville locomotive No. 4803	1962	76,143	Working with frequent repairs.
2	Brooke Ville locomotive No. 4801	1956	46,271	Do.
3	Brooke Ville locomotive No. 4802	1962	76,143	Do.
4	Brooke Ville locomotive No. 954807	1956	46,271	
5	Ruston loco	1950	23,868	Very poor condition; not working since 1975.
6	Fowler loco (Rampur)	1953	26,597	Working with very frequent repairs. Performance most unsatisfactory.
7	Fowler loco (Bakultala)	1953	26,597	Not in use since 1973.

(C) *Watercraft*

1	LCT "Sagar Jyoti"	1956 (Second hand)	3,67,395	Beached in April 1974.
2	LCT "Sagar Ganga"	1964	10,11,981	Sank in May 1972
3	LCT "Sagar Kanya"	1956 (Second hand)	2,62,875	Not working since 1968
4	SL "Sagar Ratna"	Pre-war	6,75,187	Not working from 1975
5	SL "Sagar Dhar"	1951 (Second hand)	2,25,501	Idle from May 1971

After undertaking the review, a phased programme was drawn up for replacement and the details of funds demanded by Andamans Forest Department and funds sanctioned by the Government are furnished below:

Year	Funds demanded	Funds allotted	Remark
1972-73 (for 1 LCT, 2 tractors and other equipment)	36,82,000	5,58,000	Procurement action was initiated for 2 tractors which were ultimately received in 1975.
1973-74 (for 2 tractors and other equipment)	22,10,000	5,50,000	
1974-75 (for 3 tractors, 1 loco and other equipment)	37,00,000	12,00,000	
1975-76 (for two tractors, 1 loco & other equipment)	18,65,000	11,00,000	

Audit Paragraph:

(b) Stores

3.216. The table below indicates the purchase of store materials, their consumption and closing stock during 1969-70 to 1972-73:—

(Rs. in lakhs)

Year	Opening Balance	Purchases during the year	Issues during the year	Closing balance
1969-70	15.43	19.95	18.12	17.26
1970-71	17.26	19.57	18.22	18.60
1971-72	18.60	25.36	20.32	23.65
1972-73	23.65	24.42	22.03	26.04

2.217. It will be seen that the purchases exceeded consumption during all the years. As a result, the stock of stores in hand has been gradually increasing. Stores worth Rs. 4.16 lakhs were also lying unutilised for periods ranging from two to eight years or more. No action has so far (December 1973) been taken to dispose of the surplus and obsolete items.

[Para 50. 3.04 (b) of the Report of C & AG (1973-74), pp. 154-55]

3.218. The Ministry informed the Audit in July 1975 that all the items of stores except M. S. rivets of certain sizes are required and are being consumed for departmental purposes and that action has already been taken for the disposal of M. S. rivets. The value of M. S. Rivets forming part of the stores was Rs. 16,740.

3.219. The Ministry further informed the audit in July, 1975 that the increase in the stock of stores in hand was mainly due to the following reasons:—

- (i) Stores are purchased to meet the urgent requirement only of the various forest divisions where extraction of timber is done departmentally. Difficulties in procuring the stores due to far of location of these islands and inadequate and irregular transportation facilities make it necessary to keep adequate stock of essential items of stores.
- (ii) There has been a marked increase in the prices of all items of stores.
- (iii) Non-replacement of the existing old machinery results in heavier consumption of stores.

3.220. As for the extent to which the remaining stores had been consumed so far and why these were not consumed earlier, the Ministry of Agriculture have stated as follows:—

“Out of the remaining stores, items worth Rs. 1,51,701 have so far been consumed for various Departmental works. The Andaman Forest Department is carrying out an assessment to see whether the remaining items of stores are required for use or not. These items which are not required for immediate use will be disposed of to other Government Departments.”

3.221. The Ministry of Agriculture in a subsequent note furnished to the Committee have indicated the purchase of store material, their consumption and closing stock during the year 1973-74 and 1974-75*, as follows:

(Rs. in lakhs)				
Year	Opening Balance	Purchases during the year	Issues during the year	Closing balance
1973-74	26.04	43.56	41.51	28.09
1974-75	23.09	31.91	32.71	27.29

*Audit has pointed out that the Proforma Accounts for 1974-75 being under Audit, information given against 1974-75 may be treated as provisional.

3.222. The Committee noted that the purchases exceeded consumption during the years 1969-70 to 1973-74, and enquired why the purchases were not properly regulated after taking into account the likely consumption. The Ministry in a written note furnished to the Committee have explained the position thus:—

“Because of the locational disadvantage and non-availability of spares and consumeable stores in the Islands, it is necessary to procure stores in bulk from mainland. The requirement of stores etc. is assessed in advance and orders placed through appropriate agencies. To ensure that there is no dislocation of normal work stock of essential requirements is built up in the Department and by the end of the year, it may happen that some items are carried over to subsequent years.”

3.223. The Committee find that the Forest Department had 21 tractors (including 5 second-hand tractors purchased from the Department of Rehabilitation) and 8 Locomotives for hauling timber, etc. Of these, 6 tractors and one locomotive were declared unserviceable and were disposed of in May 1975 for Rs. 12,005—. Another 4 tractors are stated to have been declared unserviceable and are awaiting disposal. The Committee are surprised that details of individual equipment in regard to date of purchase, original cost, depreciation charged etc. were not maintained, with the result that loss incurred or profit made on their disposal could not be ascertained. The Committee recommend that suitable subsidiary records in the form of Assets Register should be maintained to record these details.

3.224. It is disturbing that out of 2 tractors (against 5 purchased from the Department of Rehabilitation and declared uneconomical for further use), one tractor did not work at all since the very date of its purchase i.e. from January 1966 to July 1973 and the other tractor worked for only 958 hours and that too after major repairs. The third tractor which also did not work at all is being technically surveyed. It is strange that before transferring such old and unserviceable tractors neither the Department of Rehabilitation nor the Ministry of Finance cared to consult the Ministry of Agriculture and the misgivings reported to have been expressed by the Andamans Forest Department were ignored. What is even more surprising is the fact that the terms of this transaction were not spelt out an advance, with the result that a clear decision was not available as to whether the Forest Department was to pay hire charges or book value. It was only in May, 1968, that a debit against the Andamans Forest Department for the book value and trans-

port cost was raised. The Committee feel that Government should not somewhat carelessly have saddled the Forest Department with tractors which were both old and unserviceable. The Committee recommend that responsibility should be fixed for this unpleasant transaction.

3.225. A review of the status of the equipment was undertaken by the Andaman Forest Department in 1972. As a result of it a phased programme was drawn up for replacement of the equipment and some specified funds were demanded by the Forest Department. After all this high sounding business, the Committee however find that as against the requirement of funds of Rs. 36.82 lakhs, Rs. 22.10 lakhs, Rs. 37 lakhs, and Rs. 18.65 lakhs demanded in 1972-73, 1973-74, 1974-75 and 1975-76 respectively, the funds allotted were Rs. 5.56 lakhs in 1972-73, Rs. 5.50 lakhs in 1973-74, Rs. 12.00 lakhs in 1974-75 and Rs. 11.00 lakhs in 1975-76. Earlier in para 3.25 the Committee have drawn attention to surrender of funds vis-a-vis annual budget. In the light of that the Committee cannot but deplore the starvation of the Department of good equipment.

3.226. As regards the stores materials, the Committee are perturbed to note that barring the year 1974-75, purchases of stores have always exceeded the consumption requirements during each of the years 1969-70 to 1973-74. It is no doubt true that because of locational disadvantages and the non-availability of spares and consumable stores in the Islands it is essential to procure stores in bulk from the mainland. But this should have been done on some rational basis. The Committee would like the Forest Department to keep a constant watch on their inventory of stores.

F. PROFORMA ACCOUNTS

Audit Paragraph:

3.227. The Andaman Forest Department was declared as a commercial department in 1929. Proforma accounts at the end of each financial year are prepared exhibiting the financial position and the working results.

3.228. A Cost Accounts Officer, appointed by the Ministry of Home Affairs in November, 1968, to review these accounts and suggest improvements, observed in October, 1969, that while the accounts, as maintained at present, contained a lot of 'superfluous details', they did not provide essential data required for management control. After taking into account the observations of this Officer, the Public Accounts Committee recommended in their 96th Report (Fourth Lok Sabha—January, 1970) that the Government should consider, in consultation with Audit the simplification and rationali-

sation of these accounts so as to make them serve as an efficient management tool to check the performance of the Department.

3.229. While the Cost Accounts Officer's report was under scrutiny, the Ministry constituted in April, 1971 a study team to examine the recommendations contained in his report in the light of the working conditions obtaining in the Islands. The team submitted its report in 1971 recommending *inter alia* that the Forest Department should, with the exception of the saw mills, be treated as a service department and not as a commercial activity.

3.230. The Ministry of Agriculture agreed with the views of the study team on the ground that the change in the accounting system would help in the optimum development of forest resources of the Islands and accelerate the economic development and rehabilitation of these Islands and proposed a review after a period of 3 years. As a proper system of commercial accounting cannot act as a hindrance to optimum development of forest resources, it was pointed out that the matter required further examination. The Ministry of Finance agreed with this and the matter is under consideration (December, 1974).

3.231. The proforma accounts for the year 1971-72, duly audited, are incorporated in Appendix XI*. The following important deficiencies were noticed in these accounts:—

“The ledger balances in certain cases were not reconciled with subsidiary books. As a result, the amounts outstanding under ‘Sundry Debtors’, ‘Forest Advance’ and ‘Works Advance’ in the Balance Sheet did not tally with the party-wise details, contractors and disbursers’ ledger and the details maintained in the divisional offices respectively. Likewise, the depreciated value of different assets, as shown in the proforma accounts, differed from the details shown in the asset registers maintained by the divisional offices.”

3.232. The proforma accounts for 1972-73 as made available by the Department for audit are under checking. The figures for 1972-73 as given in paras 3.01, 3.02, 3.03, 3.04 and 5 of Audit Paragraph are, therefore, provisional.

3.233. The proforma accounts for the year 1973-74 have been compiled by the Department and are being checked in Audit.

[Para 504 of the Report of C&AG (1973-74), Union Government (Civil), pp. 155-156].

*Not reproduced.

3.234. The Committee regret the manner, in which the question of simplifying and rationalising the proforma accounts has been dealt with by the Ministry in spite of their recommendations made as early as in 1970. While the report given by Cost Accounts Officer in this regard was still under scrutiny, another study team was appointed in 1971 to examine his recommendations and this team recommended that the Forest Department, with the exception of the Saw Mill, should be treated as a Service Department. The Ministry of Agriculture agreed with the views of the Study Team on the plea that the change in the accounting system would help in the optimum development of forest resources and accelerate the economic development and rehabilitation of these Islands. The Committee are surprised at the facile way in which the Ministry have proceeded in this matter. No serious thought appears to have been given to the view of Audit that proper commercial accounting system, far from being a hindrance to the optimum development of forest resources should help evaluation of the working of a Department which in addition to maintenance and regeneration of forests has also been entrusted with the task of their commercial exploitation.

3.235. The Committee are not happy over the delay in the preparation of these accounts. If these accounts are to serve as a tool for proper control over the activities of the Department, they should be prepared in time. The Committee would like the Ministry to have the backlog cleared immediately and to ensure that the accounts are prepared soon after the close of each financial year.

G. WORKING RESULTS

Audit Paragraph:

3.236. The working results of the Department during 1969-70 to 1972-73 are summarised below:—

(Rs. in Lakhs)

	1969-70	1970-71	1971-72	1972-73
(a) Government Capital as at the close of the year	921.30	905.05	908.55	897.99
(b) Sale realisation of timber	130.08	136.24	171.56	188.86
(c) Royalty receipts	55.05	9.01	11.22	16.16
(d) Net Loss	36.53	86.85	50.57	60.99

3.237. The royalty receipts during 1969-70 included a sum of Rs. 50.04 lakhs representing royalty on shortfall in extraction of timber and interest thereon recoverable from the North Andaman Licensee whose agreement was cancelled with effect from 21st December, 1968 (vide paragraph 7). From 1970-71 the Department has discontinued taking credit for any amount due from this party on account of uncertainty of realisation.

3.238. The loss incurred by the Department was mainly contributed by the following:—

(Rs. in lakhs)				
	1969-70	1970-71	1971-72	1972-73
(a) Local market				
Sawn timber	(—)21.81	(—)21.36	(—) 7.57	(—)11.50
Logs	(—)17.55	(—)21.59	(—)19.00	(—)25.62
	(Rs. in lakhs)			
	1969-70	1970-71	1971-72	1972-73
(B) Howrah Depot				
Sawn timber	(—) 1.88	Nil	(—) 0.69	(—) 2.41
Logs	(—)13.69	(—)8.14	(+)3.84	(—) 5.97
(C) Madras Depot				
Sawn timber	(—)13.51	(—)15.28	(—)15.03	(—) 7.86
Logs	(—) 3.74	(—)3.37	(—) 0.26	(—)0.62
	(—) 72.18	(—)69.74	(—)38.71	(—)53.78

3.239. In para 1.13 of their 74th Report (4th Lok Sabha—April, 1969) the Public Accounts Committee desired that the suggestion made by the Cost Accounts Officer, who examined the working of the Department, for curtailment of production and sale of sawn timber which contributed a substantial portion of the losses incurred should be examined for implementation. The Ministry informed the Public Accounts Committee in December, 1969 that the suggestion was under examination. However the production and sale of sawn timber during each of the three years 1969-70 to 1971-72 actually increased as compared to the previous years (except that the sale during 1970-71 was less than the earlier years).

[Para 50.5 of the Report of C & AG (1973-74) Union Government (Civil), pp. 156-167]

3.240. The Committee learn that working results of the Andaman Forest Department during the year 1973-74 has been as follows:—

	(Rs. in lakhs)
(a) Government capital as at the close of the year	979.35
(b) Sale realisation of timber	173.00
(c) Royalty receipts	20.80
(d) Net loss	59.75

3.241. It would be seen from the above that during 1973-74 the net loss, has only slightly decreased as compared to 1972-73 but has remained more than 1971-72.

3.242. The loss during 1973-74 was mainly contributed by the following:

“(a) Local market	
Sawn timber	—10.68
logs	—23.15
(b) Howrah Depot	
Sawn Timber	—1.50
logs	— 8.85
(c) Madras Depot	
Sawn timber	—12.99
logs	— 4.28
	—61.45

3.243. The Public Accounts Committee who had the benefit of scrutinizing the Preliminary Report of the Cost Accounts Officer on the working of the Forest Department, had in their 74th Report (4th Lok Sabha) made the following observation on the working results of the Forest Department:

“The Committee observe that the working results of the Department for 1966-67 as reflected in the Accounts as recast by the Cost Accounts Officer showed a loss of Rs. 62.40 lakhs. The Committee would like action to be taken expeditiously to eliminate these losses through proper programming of extraction work, more intensive exploitation of timber in coupes, grading of logs, fixing of prices on the basis of grades instead of on the average quality of logs, and then ‘chasing’, and control over overhead expenses, as suggested by Cost Accounts Officer. One impor-

tant point emanating from the Cost Accounts Officer's examination also deserves mention. A substantial portion of the losses incurred by the Department arises out of sale of sawn timber. The Cost Accounts Officer had suggested that the production and sale of sawn timber should be curtailed and the Department should concentrate on production and sale of logs. The Committee would like this suggestion to be examined for implementation. If sale of sawn timber is undertaken in mainland markets, the Department should ensure that the sales are confined to markets where they have been relatively more remunerative."

3.244. The Department of Agriculture in their reply dated 5th December 1969, had stated as follows:—

"The Cost Accounts Officer's report has recently been received. His suggestions regarding programming of extraction work, more intensive exploitation of timber, grading of logs, fixation of prices on the basis of grades instead of on the average quality of logs and then 'chasing' and control over the overhead expenses are being examined in detail. Action will be taken on these points, wherever considered necessary.

While it is agreed that a substantial portion of the losses, incurred by the Department arises out of sale of the sawn timber, as pointed out by the Cost Accounts Officer, most of these losses are due to the present accounting system which takes into account the royalty on logs, chargeable at the rate applicable to M|s—the erstwhile North Andaman Licensee, and heavy indirect overhead charges—a major portion of which consists of interest on a huge amount payable by M|s..... which has been treated as Capital-at-charge.

These points are already engaging the attention of the Government and action will be taken in this regard in the light of the recommendations of the Cost Accounts Officer.

The suggestion to curtail production of sawn timber is under examination. However, despatch of sawn timber to the mainland for sale has been considerably reduced."

3.245. The Public Accounts Committee in their Action Taken Report (96th Report 4th Lok Sabha) had following observed:

"No less important is the need to organise efficiently the sale operations of the Department, both in the mailand and

local markets. The Cost Accounts Officer has pointed out that there is under-pricing of logs and that auction is not necessarily the best way of selling the logs in the mainland. In regard to sawn timber, he has pointed out that, owing to failure of the Department to gather adequate market intelligence, adequate quantities are not canalised to markets capable of yielding better returns. The Committee would like Government to have proper surveys carried out and lay down guidelines to be followed by the Department in the matter of pricing, method of sales and choice of markets and varieties of logs to be sold therein."

3.246. In a reply furnished in October, 1972, to the above observations, the Ministry, *inter alia*, stated as follows:

- (1) As most of the Andaman timber species are of second grade nature and in view of additional cost involved in taking the timber to the mainland markets due to heavy freight charges, efforts are made to dispose of Andaman timber locally as far as possible.
- (2) The sale depots at Calcutta and Madras were located after thorough market intelligence on the mainland. The suitability of other places was separately explored by Government but these were not found suitable due to limited timber market there. Of the two depots, Calcutta is a larger market, although prices obtained are generally lower than Madras.
- (3) Adequate market intelligence is always gathered. The Officers-in-charge of the sale depots remain in touch with the timber market and while deciding acceptance of the prices obtained in the auction which is the most accepted method of sale in government departments, the market trend is always kept in mind.
- (4) Only such timbers are sent for sale to a particular depot as are saleable in that market.
- (5) The prices obtained in the mainland market in auction sales of logs are generally no better than the prices fixed for sale in the islands. As regards sawn timber, the local needs of islands are almost entirely met by the Government saw mills and the prices are fixed from time to time keeping in view the prices obtained in the mainland market as well as development needs of the islands which

are economically backward. However, there is a proposal under consideration of Government to increase the prices of sawn timber to some extent.

- (6) In regard to plylogs and match logs, prices for local sale and in the mainland are fixed taking into consideration the prices obtained of the same category of logs in auction sales held in mainland depots, the developmental needs of the islands and the necessity to encourage setting up of local industries in order to ensure maximum consumption of timber locally; similar practice is also followed in other States. The Inter Departmental Team on Accelerated Development Programme of Andaman and Nicobar Islands has been observed that the prices of logs charged from the existing industries are not economically favourable at present for various reasons."

3.247. The Committee have already, elsewhere in this report, dealt at length with the various factors contributing to the loss incurred by the Andaman Forest Department year after year. Reference should be made once again to the clear finding of the Cost Accounts Officer that "the existence of the Forest Department in the Andaman and Nicobar Islands is justified only as a commercial venture" and also that 'it was possible to run the Department on commercial lines and earn profits'. The Cost Accounts Officer had further observed that the trading activity of the Forest Department should be so organised as to pay for the forestry functions besides giving a return on the capital invested. The Study Team which was appointed by Government to study the accounting procedure followed by the Andaman Forest Department had recommended that the entire Forest Department should be declared as a Service Department as on the main land and only the Saw Milling activity treated as a commercial activity the term however, had made a number of suggestions for achieving a better return on the trading activities of the Department. The Committee cannot see how the sale of timber on the mainland and on the island to private factories can be treated as an activity with no commercial angle to it. Of course, pure forestry activities and the involvement of the Department in such activities as clear felling for rehabilitation cannot be treated as commercial. But this only calls for exclusion of the costs of promotional and developmental work of the cost of timber. The Committee suggest that this may be worked out in consultation with the Comptroller and Auditor General so that there is no scope for doubt about the commercial charter of the activities of the Department.

H. NORTH ANDAMAN AGREEMENT OF LICENCE

Audit Paragraph

3.248. In August, 1951, Government entered into an agreement with a private firm for the extraction and export of timber from the North Andaman forest for a period of 25 years. The agreement contained an arbitration clause to settle disputes. The work was commenced by the licensee in time, but the firm did not succeed in achieving the targets of extraction of timber fixed under the agreement in any year. The firm did not also make payment of royalty regularly. By the end of 1960-61, apart from other dues, the arrears due from the firm on account of royalty etc. amounted to Rs. 17.28 lakhs. A number of disputes and differences arose between the Government and the firm in the course of implementation of the agreement. These have been referred to arbitration by either party in terms of the provisions made in the agreement. The details of the cases referred to arbitration and their present position are given below:

1st Arbitration case—In this case (filed on 4th—July 1961), the firm filed a claim of Rs. 2.08 crores on account of damages suffered during the period from 31st August, 1951 to 31st March, 1961. The Government, in turn, filed a counter claim of Rs. 2.25 crores being the dues payable by the firm on various accounts up to 31st March, 1961. In the award of 13th March, 1967, the arbitrator rejected the entire claim of the firm but allowed to Government a sum of Rs. 17.28 lakhs, being the royalty on timber exported to mainland or consumed in the firm's mill at Mayabunder and Rs. 2.17 lakhs as interest thereon and miscellaneous charges. Out of the total amount of Rs. 19.44 lakhs, a sum of Rs. 8.18 lakhs has been recovered so far (December, 1973). The balance of Rs. 11.26 lakhs could not be recovered due to a stay order issued by the Calcutta High Court.

2nd Arbitration case.—This relates to the period from 1st April 1961 to 31st March, 1963. The Government filed on 9th March, 1964 a claim for Rs. 1.01 crores towards royalty on shortfall in extraction of timber. The firm also filed a counter claim for Rs. 79.84 lakhs. The case is still under arbitration (December, 1973).

3rd Arbitration case.—This relates to the disputes which arose during the period 1st April, 1963 to 31st March, 1964. A claim for Rs. 39.53 lakhs was filed by the firm on 3rd

July, 1964 against which the Government filed a counter claim for Rs. 53.76 lakhs. The firm withdrew the claim from arbitration in May, 1971 but the Department is considering, in consultation with the Ministry, the desirability of pursuing the case further (January 1974).

4th Arbitration case—This relates to the period from 1st April, 1964 to 31st March, 1967. The firm filed a money suit on 6th November, 1970 against the Government claiming damages of Rs. 1.74 crores for loss incurred in not working the North Andaman forest from 1963-64 onwards, owing to the operation of the Defence of India Rules. The Government also filed a counter claim for Rs. 2.06 crores on 26th February, 1971. The case has not been finalised so far (December, 1973).

5th Arbitration case.—On 4th January, 1972 the firm initiated arbitration proceedings for a claim of Rs. 1.81 crores towards compensation for revocation of the licence agreement with effect from 21st December, 1968. The Government filed an application on 18th February, 1972 and obtained an injunction from the Calcutta High Court on 21st February, 1972 restraining the arbitrators and the parties to proceed further with the case till the disposal of the appeal. The appeal is still pending (January, 1974).

3.249. According to the final decision on the first arbitration case and the decree of the Calcutta High Court, only an amount of Rs. 19.44 lakhs against the total claim of Rs. 224.88 lakhs is recoverable. The balance of Rs. 205.44 lakhs and the interest of Rs. 111 lakhs (approx.) is still being shown in the proforma accounts as due from the firm. The question of taking further credit in respect of similar amount in the proforma accounts for 1970-71 and onwards is under examination of the Department (January, 1974). A total amount of Rs. 8.54 crores was outstanding against the firm as on 31st December, 1973.

3.250. The Ministry stated (June, 1973) that as the arbitration case (1st arbitration case) was pending appeal in the Calcutta High Court, the question of treating the amount as bad debt and writing off from the accounts would not be in order.

3.251. The Department incurred an expenditure of Rs. 6.69 lakhs from 1962 to 31st March, 1973 towards fee/remuneration, etc. of the arbitrators, counsels, solicitors, room rent, etc. in addition to an expenditure of Rs. 5.67 lakhs on the pay and allowances of the

staff engaged in the arbitrations travelling allowance and contingent expenditure from 1961-62 to 1971-72.

[Para 50.7 of the Report of C&AG (1973-74), Union Govt. (Civil) pp. 157-159.]

3.252. In July, 1975, Audit was informed as follows in respect of the different arbitration cases:

1st Case: A sum of Rs. 8.20 lakhs has been recovered so far and the balance could not be recovered due to certain proceedings pending in the court of District Judge at Port Blair. The appeal filed by the firm in Calcutta High Court was dismissed on 4th October, 1974.

2nd Case: The firm amended their counter-claim of to Rs. 86.51 lakhs. The hearing in the case was concluded on 7th September, 1974 and the arbitrators award is awaited.

3rd Case: On 11th January, 1974 both the parties agreed to refer Government's claim to arbitration on 4th April, 1974 the Government filed its claim for Rs. 88.77 lakhs. The evidence is already over and the Government Council has concluded his arguments. The company's counsel is arguing his case.

4th Case: The evidence on both sides has been concluded. The arguments will start as soon as the arguments in the 3rd case are concluded.

3.253. The progress made in arbitration cases Nos. 1 to 4 was considered by the Public Accounts Committee in paras 1.15 to 1.20 of their 74th Report (4th Lok Sabha—April, 1969). The Public Accounts Committee while expressing dissatisfaction at the slow progress in the settlement of disputes arising from the contract had *inter alia* recommended:

“...The Committee regret to observe that two out of three arbitration cases in this regard are still to be finalised. The Committee observe from the information furnished to them that due to ‘procedural difficulties’ final arrangements for the appointment of arbitrators are still to be made in these cases. A Committee of Secretaries which was appointed pursuant to the recommendations of the Public Accounts Committee to review the working of these contracts came to the conclusion that ‘it is not

desirable to continue spending public funds on prolonged litigation and arbitration proceedings.' Besides, in the arbitration case which has been decided, Government's claim against the licensee for royalty on shortfalls has not been sustained. As this is the main issue under arbitration in the remaining cases also, the Committee would like Government to examine whether it would be worthwhile to continue the proceedings in this regard any further. (S. No. 4 Para 1.18).

The Committee note from the information furnished to them that a sum of Rs. 19.41 lakhs (out of a claim amounting to Rs. 2.24 crores referred to the arbitrator) is due for realisation from the licensee as a result of the findings of the arbitrator in one of the three cases. They would like to be informed of the steps taken to realise this sum from the licensee. (S. No. 5 Para 1.19)

The Committee would also like disciplinary proceedings to be speedily initiated against officials who have been found by the Committee of Secretaries to be responsible for various lapses in connection with the drafting of the agreements executed with the licensee." (S. No. 6 Para 1.20).

3.254. *Reply to the above recommendation at Sl. No. 4 of 74th Report of PAC (4th Lok Sabha) was as follows:

"The Public Accounts Committee has observed that the Government should examine whether it would be worthwhile to continue the proceedings in the two pending arbitration cases. They have observed that in the first arbitration case which has been decided, Government's claim against the licensee for royalty on short-falls has not been sustained. In the second and third arbitration cases also this is the main issue. So in view of the decision in the first arbitration case disallowing Government's claim in regard to shortfalls on royalty and the observations of the Secretaries Committee that 'it is not desirable to continue spending public funds on prolonged litigation and arbitration proceedings' the Committee has made these observations. In this connection, it may be pointed out that Clauses 33 of the North Andaman Agreement of Licence dated

*Government replies incorporated in the 96th Report PAC (4th Lok Sabha) pp. 20-23 and pp. 28-29.

31st August, 1951 provides for settlement of disputes, differences, etc., arising between the parties on account of breach or non-observance of any of the conditions, terms, covenants, etc., of the Agreement by arbitration. Disputes and differences have arisen from time to time and certain disputes were referred to arbitration. The Ministry of Law whose advice was sought in this regard have expressed the opinion that the award in the First Arbitration Case is an unreasoned award. One of the main claims of the Government was in respect of royalty on shortfalls. This was disallowed by the Arbitrators. However, being an unreasoned award, the reasons for rejecting the claim are not known. The second Arbitration Case for the period 1961-62 to 1962-63 and the Third Arbitration Case for the period 1963-64 (1st April, 1963 to 31st March, 1964) are pending before the arbitrators, Shri J.K. Narayan and nominee of and Company. The Company delayed appointment of its Arbitrator and Shri J.K. Narayan was consequently appointed as Sole Arbitrator with effect from 26th December, 1968. The Company, however, went in an appeal to the Calcutta High Court challenging appointment of the Sole Arbitrator and, therefore, Shri Narayan's appointment as Sole Arbitrator was rendered ineffective. The Case was, however, pursued from Government of India's side and the Calcutta High Court in its judgment of 3rd October, 1969 called upon the company to appoint its arbitrator within a fortnight of the judgment. The company has in its letter of 13th October, 1969 intimated the appointment of Shri Rebati Raman Chaudhury as its Arbitrator. Now that both the Arbitrators are in position, the arbitration proceedings in both the cases are now expected to be processed shortly. In the first arbitration case there are claims and counter-claims by the Government and the party. In the second and third arbitration cases also the same is the position. The main claims of the Government and the Company are that in the Second Arbitration Case, Government's claim is of the order of Rs. 100.90 lakhs and that of the company of Rs. 89.44 lakhs. Again, in the Third Arbitration Case, the Company has filed a claim for Rs. 39.543 lakhs. The Government's claim has yet to be filed and the claim is estimated to the tune of Rs. 53.51 lakhs. The question is whether it is worthwhile to continue these two arbitration cases. Disputes and diffe-

rences have to be settled by arbitration under clause 33. The contract has been cancelled on 21st February, 1968. Still, the disputes which had already been arisen can be settled only by arbitration in view of clause 33. The findings in the First Arbitration Case will not operate as *res judicata* nor will the arbitrators be entitled to look into them. The Second and Third Arbitration Cases are fresh cases and the position of these cases will depend on evidence produced before the arbitrators in these cases. Further the decision in the First Arbitration Case is an unreasoned award and we do not know for what reasons the claim in respect of royalty on shortfalls was disallowed. The fact that the claim in this regard was rejected by the arbitrators in the First Arbitration Case will not necessarily mean that the Arbitrators in the Second and Third Arbitration Cases will also disallow the claim. The decision will depend on the strength of the Government's claim and the evidence that can be adduced to support the claim. All the records of the case are with the Counsels in charge of the arbitration cases. Apart from this Government has also to consider the technical procedural aspects of not continuing the arbitrations. The reference has been made jointly by the parties concerned. The Government has put in the claims and the Company has put in counter-claims. Without effecting the settlement one way or the other it will not be possible for the Government to unilaterally withdraw from the reference. If we withdraw our claim the company will certainly prosecute its counter-claim further. This will not at all be advantageous to the Government. There is perhaps also no chance of the Company agreeing to withdraw its counter-claim if Government withdraws its claim. There is also probably no chance of the Company agreeing in settlement in regard to the Government's claims. The total claim of the Government in the Second Arbitration Case is Rs. 100.90 lakhs and out of this the shortfalls on royalty is only Rs. 97.35 lakhs. Similarly the total claim of the Government in the Third Arbitration Case is estimated to be Rs. 53.51 lakhs and the claim on account of shortfalls is Rs. 48.82 lakhs. If Government does not proceed with the arbitration cases, then all these claims will be lost. This is also a matter to be considered. With respect to the observations of the Committee of Secretaries, it may be pointed out that the observations of the Committee are made in the context of the desirability of cancelling the

contract. What appears to have been stated is if the contract is continued till its expiry by efflux of time and having regard to the way in which the party has been performing, we will have to go in for arbitration every year in regard to the disputes arising out of breach by the party. Secondly, the forest wealth will not be exploited and all that the Government will get is a series of litigations before the arbitrators. In this context, the Committee considered the possibility and desirability of cancelling the contract. Once the contract is cancelled then the matter could be settled subject to the Company's going in for litigation and Government will have to go in for arbitration only in respect of the disputes till the date of cancellation. This again does not overlook the fact that if the party challenges the cancellation the legality of the cancellation will also have to be settled by arbitration. This is the stand we have taken in the case filed by the Company while challenging the cancellation. It may also be pointed out that in terms of clauses 6 and 7 of the Agreement, the Government is entitled to shortfalls on royalties. If we give up the claim by not prosecuting the matter in arbitration we will be losing the claim for all time. The fact that in the First Arbitration Case Government's claim on account of shortfalls on royalty was rejected by the arbitrators would not alone be any justification for not prosecuting the claims after 1961. Incidentally, it may also be mentioned that the Company had filed a suit on 13th June, 1968 for the losses of profit alleged to have been suffered by the Company on account of wrongful improper and illegal interference caused by the Union of India by imposing on the Company the Defence of India Rules etc. In the affidavit-in-opposition filed by the Union of India, it has been stated *inter alia* that the matters in dispute raised by the Company in the suit are wholly covered by the Arbitration Clause No. 33 under the Agreement of Licence. In other words, the proceedings in the said suit filed by the Company have been stayed under the Arbitration Clause No. 33. The only remedy open to Government to resolve the disputes and differences arising from the Agreement of Licence for the period, prior to the cancellation of the Agreement, viz., ending 21st December, 1968 is, therefore, by way of arbitration and therefore, the arbitration proceedings may have to be processed."

In view of Government's reply the Committee did not then pursue the recommendation.

3.255. Reply of the Government to the recommendation at Sl. No. 5 of the 74th Report PAC (4th Lok Sabha) was as follows:

"The First Arbitration Case for the period 1952—61 was decided and the Joint Arbitrators made on 18th March, 1967 an award in favour of Government for the sum of Rs. 19.41 lakhs the arrears of royalty and other dues. The said award was duly filed in the High Court at Calcutta to make it a rule of Court. In the meantime, the Company moved an application to set aside the said award which was dismissed with costs by the Calcutta High Court on 29th April, 1969; and a decree was passed in terms of the said award. The Company has again preferred an appeal against the said judgment and decree; but as there is no stay of the execution of the decree, steps of Law and the Counsel incharge of this case, whose advice is being sought from time to time in this regard, have expressed the opinion that, for realisation of the decretal dues, the Government should proceed as follows:

- (i) Government should first forfeit and utilise the security deposit of Rs. 10 lakhs furnished by the Company;
- (ii) Thereafter, the Government should appropriate the interest accrued on the security deposit and adjust the same against the balance of the decretal dues;
- (iii) For the balance of the decretal dues, the Government should make an application to the High Court for transfer of the decree or execution in a competent court in Andamans against movable and immovable properties of the company situated there;
- (iv) If all the above courses still leave a part of the decretal dues unsatisfied, the Government can thereafter take steps under the Companies Act to have the company liquidated.

Accordingly the Company has been served with notice that the President of India appropriates the security of Rs. 10 lakhs (Rupees Ten Lakhs) only towards pro-tanto satisfaction of the amount of decree for Rs. 19,41,299.17 Paise made by the Calcutta High Court in the First Arbitration Case."

The above-noted reply of the Government being of an interim nature the Committee did not make any observations in their 96th Report (4th Lok Sabha).

3.256. Reply to the recommendation at S. No. 6 of the 74th Report PAC (4th Lok Sabha) was as follows:

"The case for initiating disciplinary proceedings against officials concerned had been considered by Government in consultation with the Central Vigilance Commissioner. It was ultimately decided that no action was possible against the officers concerned at this distance of time and the Government decided to close the case."

In this case also the Committee did not pursue the recommendation in view of the Government's reply.

3.257. To a point raised by the Committee as to the considerations in favour of entering into an agreement with a private firm for the extraction and export of timber for a period of 25 years, the representative of the Andaman Forest Department stated during evidence:

".....the Forest Department wanted to work the forests as much as possible and South Andaman and Middle Andaman were taken by the Department and North Andaman was leased to a private company, so that timber could be had to the maximum....."

3.258. The witness added that they could not take up the work in the North as their capacity was limited. Another representative of the Andaman Administration narrating the difficulties experienced by them stated:

"For anybody to travel from Port Blair even to the fringes of the Middle Andamans, one used the dug-out canoes I toured like that. The difficulty in those days were that the people were going in rags and gunny bags. They were in the process of semi-starvation. We had to occupy the islands and start the activity. To start the activity of such a magnitude required elephants, tractors and even trams for a distance of some kilometers. The entire process of setting up of forestry activities and retrieving of elephants from the jungle was a herculean task. If you venture to see the islands now you will be able to appreciate the amount of work which had gone on in the establishment of communications and forestry activities. It was vel-

high impossible for us to go beyond the ambit of Port Blair. We could never have ventured to go to North Andamans. I shall give you a single reason. When I went to survey the North Andamans in 1949 I used to get a ship or small craft and my rations which will last for about 2 months. If the establishment of it was delayed we would have been forced to live on fish etc. What I wanted to say was this that if it were at all possible for the Forest Department to expand into North Andaman, we would certainly have done so. But that was certainly beyond our ambit.

The lease was thought of as a big venture. The private entrepreneur could have sunk crores of rupees and developed this infrastructure which we did not. At least technically speaking I was only a trained officer at that stage.

I can only tell you that at that stage it was not possible for the Forest Department to expand its forestry exploitation in the far flung island. Any venture of that type would naturally perforce have to be on a very big scale. For such a project one would have to invest a lot."

3.259. To a query whether there was any clause provided in the agreement about the termination of the contract, the witness stated:

"There is clause 18 in the agreement. According to that clause if the contractor fails to pay the dues of Government within a period of 12 months the contract is liable to be terminated. This is one of the clauses."

3.260. Replying to the point whether the contract was terminated, the witness stated that in 1967 when Government was contemplating to take action against the company for the non-payment of dues, the company invoked the arbitration clause. The contractor was continuing the timber extraction till 1964. After March 1964, it took some time for the termination of the contract and it was in December 1968 that the contract was terminated. The time limit provided for the completion of arbitration was four months. Asked for the reasons which led to the Government counsel agreeing to repeated extensions, the representative of the Law Ministry stated during evidence as follows:

"I have one thing to say here. This agreement is subject to dual arbitration clauses. It provides for resolution of the disputes through arbitration by two arbitrators. There is also provision that if the arbitrators disagree, the matter will go before the umpire. There are certain disadvantages in dual arbitration. What happened was that these short-

comings had affected both the parties in the second, third and fourth arbitrations also. The first arbitrator nominated by us died. We filled the vacancy by nominating another arbitrator immediately thereafter. In the mean time the arbitrator nominated by the other side—one Mr. Sinha was elevated to the Bench. In exercise of our rights we declared our arbitrator to be sole arbitrator. This was challenged before the High Court. The High Court rescinded our order and directed the other party to nominate the arbitrator. This was to a great extent responsible for the delay.

We took over actually in 1968. We have a branch secretariat at Calcutta presided over by a Joint Secretary. We took over charge of this litigation some time in 1968 and not before that. Earlier there was a solicitor who was looking after this litigation.....once the matter goes before arbitration, it is not in our hands."

3.261. When asked why it had taken 7 years from 1968 to 1975 for the arbitration cases to be settled, a delay defeating the very purpose of arbitration, the representative of the Law Ministry added that in that case the moot point was whether we should agree to an arbitration clause at all. He added that in arbitration, however, there was the advantage of not having to pay large sums by way of Court fees.

3.262. The Committee drew the attention of the witnesses to the following recommendation of the Public Accounts Committee contained in its 54th Report (3rd Lok Sabha):—

"This indicates that there is something radically wrong about the agreement and its working that this investigation by an independent agency is necessary as to how the agreement has been entered into with this particular company, what are the lacunae in the agreement, whether it would not be desirable to cancel the agreement rather than spending public funds on litigation and arbitration year after year....."

3.263. Asked if any independent investigation had been done either by the Law or Home Ministry in pursuance of this recommendation, the representative of the Law Ministry stated thus during evidence:

"The terms in which an agreement has to be drawn up are matters for the administrative Ministry to decide; we cannot dictate these to them. We are only concerned with

putting them in a legal form. If there is any illegality in the terms/conditions, it is our duty to draw their attention to it. Beyond that we cannot decide the question of policy."

3.264. The former Chief Conservator of Forests added:

"A Committee of Secretaries was appointed to go into this including the Law Secretary. As a result of that there were their findings.....As far the delay, while we were contemplating to take action against the firm for all the defaults non-payment etc. they went into arbitration. In March 1964, they stopped work.....Actually after March 1964, we took up the matter at various levels. Then termination was done on the ground of abandonment after getting the advice from the Attorney General and various other persons, not as a result of the award."

3.265. The Committee wanted detailed and factual note on the arbitration cases relating to the North Andaman Agreement of Licence, indicating, *inter alia*, the points of dispute, the steps taken by the Andaman Administration and the Ministry to expedite the arbitration proceedings etc. In reply, the Ministry have explained the position as follows:—

"An up to date factual note on the Arbitration cases relating to the North Andaman Agreement of Licence together with the points of dispute and the steps taken to expedite these proceedings is given below:—

In July, 1950, the Government of India invited Tenders for extraction and export of timber from the North Andaman Forests. It was stipulated in the tender notice that the Government would charge royalty, to be fixed as a proportion of the market price of timber f.o.b. North Andaman Ports. The tenderers were required to quote the royalty they were prepared to pay in terms of percentage of the f.o.b. North Andaman price. An Agreement of Licence was executed between M/s. P. C. Ray & Co. (I) Private Limited and the Union of India. This agreement of licence was registered under section 19 of the Registration Act, with the Sub-Registrar, Delhi.

The Licencee started the work in time but they never succeeded in achieving the target fixed in clause 6 of the agreement in any year due to their own short-comings, financial instability and lack

of adequate equipments. Three supplemental agreements were also executed between the parties on 6-10-53, 20-10-56 and 23-4-58 respectively. A series of discussions between the parties failed to improve the working of the Licencee Company. Due to failure on the part of the Company to fulfil its obligations under the agreement various disputes and differences arose which were referred to arbitration or law courts by one party or the other in course of time.

The Licencee Company was also irregular in payment of royalty on timber exported and/or consumed in their Saw Mill in North Andamans. By the end of 1960-61, the arrears on account of royalty on timber exported/or consumed in their mill amounted to Rs. 17,27,832.92 besides other dues such as interest in terms of clause 18, shortfall royalty in terms of clause 6 & 7 and damages on timber lost or deteriorated. The total dues on the various counts upto 31-3-61 amounted to Rs. 2,24,87,586.29.

First Arbitration (31st August 1951 to 31st March, 1961)

At this stage when the Government was contemplating to take some drastic action against the Licencee for the lapses on their part, the Licensee invoked clause 33 of the Agreement and referred certain alleged disputes to arbitration. In their statement of claim filed on 4th July, 1961, besides disclaiming any liability for the dues outstanding, they claimed an amount of Rs. 2,08,12,135/- on account of alleged damages stated to have been suffered by them upto 31-3-1961 due to alleged non-fulfilment of certain contractual obligations and non-observance of the terms of the Agreement on the part of the Government. The Government also filed its counter claim for Rs. 2,24,40,504.85 being the dues payable by the Licensee Company on various counts upto 31-3-1961. Sixteen issues arising out of the claim made by the Company were framed by the Arbitrators in May, 1962. The Licensee Company as well as the Government filed their documents in this proceeding to substantiate their respective claims. About 547 documents from the Company's side and about 1550 documents from the Government's side were filed. Each document filed by the parties was scrutinised before it was finally admitted as evidence by the learned Arbitrators. The filing of the documents was completed by February, 1964.

The examination-in-Chief, Cross examination and Re-examination of the only witness on behalf of the Licensee and two witnesses on behalf of the Government were completed by September, 1965 and thereafter the argument was started. On 27th January, 1966, the Government Counsel concluded his argument and the Company's Counsel concluded his arguments in May, 1966.

After conclusions of the arguments by both sides, the Arbitrators discussed the details regarding the award by holding 11 sittings in March, 1967. On 18th March, 1967, the learned Arbitrators gave their award for the following amounts in favour of Government and rejected the entire claim of the Company:—

(1) The royalty on timber exported and/ or consumed in the Licensee's Mill up to 31-3-1961.	Rs. 17,27,832.92
(2) Interest on royalty bills	Rs. 2,13,466.78
	Rs. 19,41,299.70

In addition to the above, they also awarded Rs. 1,500.96 being boat hire charges for local inspection in Andamans and Rs. 1,695.75 as rent of the room used for Arbitration. Therefore, the total award was for Rs. 19,44,496.41.

Thus the First Arbitration was decided in 5 years and 8 months after it was initiated by Licensee Company. In all 181 sittings (average duration of each sitting being about 3 hours) were held.

Decree on award in the First Arbitration case and its execution

In August 1967, the Company filed a petition in the Calcutta High Court for setting aside the award of the Arbitrators in First Arbitration Case. On 9th August 1968, Mr. Justice S. A. Masood delivered his judgement dismissing the objection petition with costs. The award was confirmed and a decree for the awarded amount plus boat hire charges etc. was passed. Towards the end of December 1968, the Company filed its Memorandum of Appeal against the aforesaid judgement but they could not obtain any stay for the execution of the said decree.

Against the said decree of Rs. 19,41,299.70 obtained, the G.P. Notes worth Rs. 10 lakhs (the market value of which was Rs. 6 lakhs) deposited by the Company as security deposit under clause 1 of the Agreement of Licence were forfeited and appropriated towards part satisfaction of the said decree on 21-11-1969. An amount of Rs. 1,81,799.50 being the interest accrued on the security deposit for the period 1-10-1961 to 15-3-1969 which was kept in suspense account was also appropriated and adjusted towards part satisfaction of the said decree.

On the 10th April 1970, an application was made for transferring of the balance dues i.e. Rs. 7,59,500.20 (subsequently corrected as 11,59,500.20) plus Rs. 1500.96 (boat hire charges) and Rs. 1,695.75 (room rent) to the Court of District Judge, Port Blair for its execution. The Hon'ble High Court ordered on 17-4-70 to transfer the said decree to the above Court. The above unsatisfied portion of the decree was subsequently corrected to Rs. 11,59,500.20 by the Hon'ble High Court taking into consideration the market value of G.P. Notes on 21-11-1969 which was 60 per cent.

On 9-7-1970, the Union of India through the Chief Conservator of Forests filed an application in the Court of District Judge, Port Blair for execution of the unsatisfied decree viz. Money execution case No. 9 of 1970. On the same day the learned Judge Ordered for attachment of properties of the said Company by the process server of the Court and submission of Service returns was finally ordered on 9-3-71. Accordingly attachment of properties was carried out by the process Server and service returns were submitted. The service returns were accepted by the Hon'ble Judge on 4-6-71 and the Union of India was directed to file statement duly signed and verified under order 21 Rule 66 of Civil Procedure Code by 17-6-71. The notices were published in the 'Statesman' on 13th and 14th August 1971 for setting the sales proclamation of the property on 2-9-71. In the meantime one Dr. Haricharan Banarjee of Hongkong Shenghai Banking Corporation informed the Chief Conservator of Forests that all the assets of the Company already stand charged for due repayment of Rs. 1,08,30,694.92 and therefore any attachment and sale of movable properties by the Union of India is illegal. He also informed that he has been appointed Receiver over the rails of the Company by Calcutta High Court in suit No. 417 of 1968 [Hongkong Sanghi Banking Corporation V/s. M/S. P. C. Ray & Co. (I) Pvt. Ltd.]. A similar notice was also received from M/s Hongkong Sanghai Banking Corporation direct. In view of the said two notices, the auction sale of movable properties was postponed and immovable properties were sold for Rs. 36,445.00. As a result the unsatisfied decree lying at Port Blair was reduced to Rs. 11,23,055.20. Thereafter another sum of Rs. 2301.50 being sales proceeds of certain immovable propertions has also been adjusted towards the said decree. Hence the balance decretal dues as on 31-3-74 have reduced to Rs. 11,20,753.70 plus interest @ 6 per cent plus Rs. 1500.96 towards boat hire charge and Rs. 1695.70 room rent.

On or about 12-11-71 one M/s Saurashtra Agencies obtained injunction from the Court restraining the Union of India from selling the moveable properties if the sale had not yet taken place vide suit No.

1753 of 1970 [Saurashtra Agency Vs. P. C. Ray & Co. (I) Pvt. Ltd.]. The Union of India filed as opposition in the above case and the Hon'ble High Court ordered the petitioner to take appropriate action in Andamans in the money execution case No. 9 of 1970. The petitioner M/s Saurashtra Agency have already filed an objection petition in matter No. 417 of 1968. On 11-9-73 the Hon'ble High Court disposed of the application of the Union of India in suit No. 417 of 1968. Copy of the judgement has been filed in the Court of District Judge Port Blair. On 13th June 1975, the District Judge passed order on the objection raised by the Receiver on M/suit No. 9 of 1970 holding *inter alia* that the attachment of moveable properties as per earlier order of Court be vacated and directing us to take further steps in the said execution case for effecting the realisation of the decretal dues.

Second Arbitration case (1st April 1961 to 31st March 1963)

In respect of royalty on timber exported and/or converted in their Mill at North Andaman from 1-4-61 to 31-3-1963, the Licensee again defaulted and did not pay any sum except the advance paid on the eve of every shipment at the fixed rate of Rs. 50.00 per ton and that too under protest. These advance amounts had to be adjusted against royalty calculated in terms of clauses 14 and 15 of the Agreement of Licence. This payment of Rs. 50.00 per ton was not sufficient to set off the royalty calculated in terms of clause 14 and 15. However, the balance was squared off by an amount of Rs. 97,342.69 that was outstanding as balance payable to the licensee on account of Colonisation clearance done by them in North Andaman Administration under separate contracts and certain other miscellaneous dues. Other claims of the Government for this period on account of royalty on shortfall, damages on timber lost, royalty on forest produces other than timber etc. amounting to Rs. 1,00,90,041.39 remained unpaid by the Licensee. The Government therefore, referred their claim, for these amounts to a separate Arbitration in March, 1964. The filing of the written statement by the Licensee Company and the reply or rejoinder of the Government thereafter were all completed by January 1965. In their written statement, the Licensee, did not only repudiate the Government's above said claim but also put forth a counter claim for Rs. 89,44,164.90 being loss and damages alleged to have been suffered by them during the period on various counts. They also complained of violation of the conditions of the Agreement of Licence by the Government on various matters like improper fixation of the F. O. B. prices etc. Sixteen issues on the various points of disputes were framed by February 1966. Large

number of documents were filed by both the parties to support their claims.

On 9th June 1967, Shri Randhir Singh, Arbitrator for Union of India died. Till 9th June, 1967 altogether 18 sittings were held with this set of Arbitrators. The Union of India then appointed Shri J. K. Narayan, Judge (Retired) , Patna High Court on 12th September 1967 as its Arbitrator. Between 2nd December 1967 and 12th Feb. 1968 Arbitrators held 10 sittings. By the end of February 1968 Sri A. K. Sinha, Arbitrator for the Company was elevated to the bench. As advised by the Ministry of law, a notice was issued to the Company on 17-10-68 to appoint their Arbitrator in the above case in place of Shri A. K. Sinha. As the Company failed to appoint their Arbitrator within the stipulated time, our Arbitrator Shri J. K. Narayan was appointed as Sole Arbitrator in the above case on 26-12-1968. The Company challenged the appointment of Sri J. K. Narayan as Sole Arbitrator. On 3rd October 1969, the Hon'ble High Court permitted the Company to appoint their Arbitrator to act as Co-Arbitrator. On or about 13-10-1969 the Company appointed Sri R. R. Chowdhury as their Arbitrator. On 21-12-1969, the Government Arbitrator Sri J. K. Narayan died. The Ministry of Agriculture then appointed Sri H. Mahapatra (a retired Judge of Patna High Court) to act as Co-Arbitrator.

The documents filed by both the parties before the previous sets of Arbitrators were perused by the next set of Arbitrators and taken into records. The examination-in-Chief Cross Examination etc. of the witness No. 1 on behalf of Union of India was concluded on 20-3-71. The Examination-in-Chief of Witness No. 2 of the Government side was also concluded. On 2nd July 1971, the Company's Arbitrator Sri R. R. Chowdhury resigned. On or about 19-11-1971, the Company appointed Sri S. P. Banerjee as their Arbitrator. The new set of the Arbitrators entered into reference on 12-2-72 and they perused all the records, evidence etc. before the previous set of Arbitrators in presence of the parties. Thereafter the cross examination of Witness No. 2 was started. The cross examination and re-examination of the said witness concluded on 8-7-72. The evidence on behalf of both parties concluded on 27-9-73. The arguments on behalf of the parties have been concluded on 31st October 1975. However, the Company through its Secretary filed an application before the learned Arbitrators for disclosure of further documents in support of their contention that the same coupes had been allotted to them repeatedly.

The Union of India filed an objection petition on maintainability point which was subsequently disposed off by the learned Arbi-

trators on 15th November 1975, and they held that the application was maintainable. However, they gave liberty to the Union of India to file an objection petition on merits. Accordingly Union of India filed an objection petition on merits. In our objection petition the Government Counsel had mentioned among other points that in view of the winding up order passed by the Hon'ble Court, the petition signed by the Secretary of the Company was not maintainable. The Government Counsel at the time of hearing of the objection petition also pointed out the order dated 2nd September 1975, passed by the Hon'ble High Court, wherein the official Liquidator is only authorised to continue with the second, third and fourth Arbitration cases. The other side objected to this submission. The learned Arbitrators directed the parties to obtain the clarification of the said order dated 2-9-1975. Necessary application was filed by the Company in the High Court praying for clarification and also for variation of the said orders. The said application was heard on 9-2-1976 and it was clarified by the Appeal Court that in view of the Company already being under liquidation, only official liquidator will conduct the said Arbitration proceedings on behalf of the Company, through Sri A. P. Chowdhury, the Counsel who was appearing earlier on behalf of the Company. On 26-2-1976 Sri A. P. Chowdhury, Counsel appeared on behalf of the official Liquidator before the arbitrators and made certain submissions. After hearing, the learned Arbitrators held that the applicatiaon of the Company dated 31-10-75 fails on merits. The case has been adjourned for making award.

Third Arbitration case (1st April 1963 to 31st March, 1964)

In July 1964, in a bid to prejudice the criminal proceedings initiated by the Government under the Defence of India Rules, the Licensee Company disputed the Government's claim raised against them under terms of the Agreement of Licence in respect of 1963-64 and referred these disputes to yet another Arbitration called the Third Arbitration Case. In March 1965, they filed their statement of claim for a sum of Rs. 39,000.00 being loss and damages alleged to have been suffered by them due to alleged failure and neglect on the part of the Government officers to act according to the terms of the Agreement. As their statement of claim was vague and devoid of particulars in many respects, the Government's Solicitor called for certain details and particulars from the Licensee in November 1965 so as to enable the Government to file its counter claim etc. In March 1966, the Company furnished certain particulars which were quite inadequate to the Government's requirements. The learned

Arbitrators, therefore, directed the Company to furnish complete information required by the Government. The Company furnished the details as directed by the Arbitrators.

Altogether 10 sittings were held upto May 1967, when Sri Randhir Singh, Government Arbitrator died. Sri J. K. Narayan (a retired Judge of Patna High Court) was then appointed as Government Arbitrator in September 1967. On elevation of Sri A. K. Sinha, Company's Arbitrator to the bench the Company could not take any action to appoint their Arbitrator in his place. In the meantime on 21-12-69 the Government Arbitrator Sri J. K. Narayan also expired. As the Company did not appoint their Arbitrator the Government's claim could not be filed. The Government appointed Shri H. Mahapatra in place of late Sri J. K. Narayan. On 30-4-71 the said Shri Mahapatra gave notice to the parties to be present on 16-6-71 and place all facts and claims before him. By a letter dated 7-5-71 addressed to the learned Arbitrator the Counsel for the Company informed that his client M/s P. C. Ray & Co. Private Ltd. had no intention to continue with this Arbitration. On 16-5-71 Mr. Mahapatra, Government Arbitrator held the sitting and recorded the statement of the Company's Advocate. As per advice of the Ministry of Law an application to amend our claim in the Fourth Arbitration case for including the Government claim for 1963-64 was moved before the learned Arbitrators but the same was rejected. Immediately a memorandum of Agreement by both the parties to proceed with Government's claim for this period separately was signed and filed before the learned Arbitrators. On 4-1-71, the Union of India filed its claim for Rs. 88,77,091.34. Necessary documents in support of our claim have also been filed, and 10 issues framed thereon. The oral evidence on behalf of Government was completed on 18-7-74. The Company did not produce any witness. Arguments from both sides were concluded on 21st March 1975. On 31st October, 1975, however, the Company through its Secretary filed an application before the learned Arbitrators for disclosure of further documents in support of their contention that the same coupes had been allotted to them repeatedly.

The Union of India filed an objection petition on maintainability point which was subsequently disposed off by the learned Arbitrators on 15th November 1975 and they held that the application was maintainable. However, they gave liberty to the union of India to file an objection petition on merits. Accordingly Union of India filed an objection petition on merits. In our objection petition the Government Council had mentioned among other points that in

view of the winding up order passed by the Hon'ble Court the petition signed by the Secretary of the Company was not maintainable. The Government Counsel at the time of hearing of the objection petition also pointed out the orders dated 2nd September 1975 passed by the Hon'ble Appeal Court within the official Liquidator is only authorised to continue with the Second, Third and Fourth Arbitration cases. The other side objected to this submission. The learned Arbitrators directed the parties to obtain the clarification of the said order dated 2-9-75. Necessary application was filed by the Company in the High Court praying for clarification and also for variation of the said orders. The said application was heard on 9-2-1976 and it was clarified by the Appeal Court that in view of the Company already being under liquidation, only official Liquidator will conduct the said Arbitration proceedings on behalf of the Company, through Sri A. P. Chowdhury, the Counsel who was appearing earlier on behalf of the Company. On 26-2-76 Sri A. P. Chowdhury, Counsel appeared on behalf of the official Liquidator before the Arbitrators and made certain submissions. After hearing, the learned Arbitrators held that the application of the Company dated 31-10-75 fails on merits. The case has been adjourned for making award.

Fourth Arbitration case (1st April 1964 to 31st March 1967)

On 3-10-1969, the parties appointed their Arbitrators. The learned Arbitrators entered into the reference on 10-7-70 and the Company was directed to file its statement of claim. On 6th November, 1970, the Company filed its claim for Rs. 1,73,63,850/- being loss of profit. On 16-2-71 the Union of India also filed its counter claim for Rs. 2,05,53,178.33p. The learned Arbitrators after going through the documents filed by both the parties fixed 2nd July 1971 for oral evidence on Company's side. Sri R. R. Chowdhury, Company's Arbitrator expressed his unwillingness to act as Co-Arbitrator with effect from 2-7-71. As the Company could not appoint their Arbitrator in place of Sri R. R. Chowdhury, the Union of India appointed Sri H. Mahapatra as Sole Arbitrator. The said appointment was challenged by the Company and the Hon'ble High Court finally ordered setting aside the appointment of Sri H. Mahapatra as Sole Arbitrator and gave liberty to the Company to appoint their Arbitrator by 14th January 1972. Pursuant to the above orders, the Company appointed Sri S. P. Banerjee as their Arbitrator. The new set of Arbitrators entered into reference on 12th February 1972. The next set of Arbitrators perused the records and pleadings filed in this proceedings in presence of the parties. The evidence and arguments on both sides have already been concluded. On 31st October 1975, however, the Company through its

Secretary filed an application before the learned Arbitrators for disclosure for further documents in support of their contention that the same coupes had been allotted to them repeatedly.

The Union of India filed an objection petition on maintainability point which was subsequently disposed off by the learned Arbitrators on 15th Nov., '75 and they held that the application was maintainable. However, they gave liberty to the Union of India to file an objection petition on merits. Accordingly Union of India filed an objection petition on merits. In our objection petition, the Government Counsel had mentioned among other points that in view of the winding up order passed by the Hon'ble Court, the petition signed by the Secretary of the Company was not maintainable. The Government Counsel at the time of hearing of the objection petition also pointed out the orders dated 2nd Sept. 1975 passed by the Hon'ble Appeal Court wherein the official Liquidator is only authorised to continue with the Second, Third and Fourth Arbitration cases. The other side objected to this submission. The learned Arbitrators directed the parties to obtain the clarification of the said order dated 2-9-1975. Necessary application was filed by the Company praying for clarification and also for variation of the said order. The said application was heard on 9-2-1976 and it was clarified by the Appeal Court that in view of the Company already being under Liquidation, only official Liquidator will conduct the said Arbitration proceedings on behalf of the Company, through Sri A. P. Chowdhury, Counsel who was appearing earlier on behalf of the Company. On 26-2-76 Sri. A. P. Choudhury, Counsel appeared on behalf of the official Liquidator before the Arbitrators and made certain submissions. After hearing, the learned Arbitrators held that the application of the Company dated 31-10-75 fails on merits. The case has been adjourned for making award.

3.266. The Ministry of Agriculture furnished the following note on 11 April 1977, on the Fifth Arbitration case:

"On or about 4th January, 1972, M/s P. C. Ray & Co. (India) Private Ltd., gave notice claiming Rs. 1,01,25,000/- being damages and loss suffered by them due to revocation of North Andaman Agreement of Licence. The Government also appointed its Arbitrator without prejudice to the rights, and contention of the President of India in Appeal No. 472 of 1970. In the meantime Union of India also filed an injunction petition in the High Court praying for stay of the Arbitration proceedings as the subject matter of the said appeal and arbitration were the same. On 21-2-1972 the Hon'ble High Court ordered for stay of the Arbitration proceedings initiated by the Company by its letter dated

4-1-1972 till disposal of the said appeal. The above appeal has already been disposed of in favour of Union of India on 21st August, 1974, and stay order passed was vacated. On 14-8-1975, the learned Arbitrators gave notice to both the parties to appear before them on 25-8-1975 and present their cases. In the meantime the application for filling memorandum of appeal and also stay of the winding up order filed by the Company in winding up case was disposed of on 2nd September, 1975. While disposing of the above application their Lordships were pleased to order that the fifth Arbitration case will be proceeded by the Official Liquidator and if he desires he can take assistance from the Directors of the Company. As per the above order the official Liquidator appeared before the learned Arbitrators and took time to file statement of claim. The statement of claim was signed by the Secretary of the Company and filed before the learned Arbitrators on 26th November, 1975 was returned to the Company on the objection raised by the Counsel appearing on behalf of official Liquidator. A fixed earlier, the learned Arbitrators met on 5-1-76. No one was present on behalf of the Company. Since no statement of claim was filed on behalf of the company to learned Arbitrators held that the company does not want to proceed with this reference any further. They further held that M/s. P. C. Ray & Co. (India) Pvt. Ltd. (in liquidation) has no claim against the Union of India following the letter of revocation dated 16th December, 1968".

Points of Disputes and Steps taken to Expedite the Proceedings

3.267. The Ministry have stated that the points of disputes and steps taken to expedite proceedings were as follows:

<i>Points of disputes</i>						
Sl. No.	Arbitration	Particulars of Company's claim	Amount in Rs.	Particulars of Govt. claim	Amount in Rs.	Steps taken to expedite Arbitration
1	2	3	4	5	6	7
1.	<i>First Arbitration.</i> (31st Aug. 51 to 31st Mar. 61.)	(1) Govt. compelled to export and/or remove from Andmans 34868 tons of unmarketable timber.	78,09,688.00	1) Outstanding royalty on timber exported and/or consumed in the Licensee's Saw Mill.	17,278,32.92	This case has already been disposed off. The Arbitration Award was published on 18-3-67.
		2) Damage suffered due to non-availability of 15 tons timber per acre.	30,30,000.00	2) Interest on the above royalty.	2,13,446.78	
		3) Govt's failure to allot and/or lease out lands for plywood factory and the seasoning kiln.	87,00,000.00	3) Damages suffered by the Govt. due to the negligence of the Company.	7,06,382.45	
		4) Due wrongful colonisation settlement at North Andaman.	11,82,000.00	4) Royalty on shortfall .	1,97,86,934.97	
		5) Compensation for use of wharves, jettise, road & bridge etc.	5,000.00	5) Timber used for works other than work of improvement.	3,524.08	
		6) Due imposition of wrongful restriction and/or precondition in export of timber.	85,447.00	6) Arrears of land rent.	1,497.30	
				7) Royalty on Dhup Resin.	866.00	
		Total claim	<u>2,08,12,135.00</u>		<u>2,24,40,504.85</u>	

2. *Second Arbitration*
(1st Apr. 61 to 31st
Mar. 63)
Reference A & B

Further damages on
the above counts for
the period from 1st
Apr. 61 to 31st Mar. 63.

89.44.164 90	1) Royalty on shortfall .	₹97,34,877.28
	2) Damage suffered due to the negligence of the Company.	₹3,51,033.58
	3) Timber used for work other than works of improvement.	449.98
	4) Arrears of land rent .	2,691.90
	5) Royalty due on Minor Forest Produce.	988.65
		<hr/>
		1,00,90,041.39
		<hr/>

Since these proceedings
are quasi-judicial pro-
ceedings, the department
cannot directly put any
pressure on the Arbitra-
tors to expedite the
Award. However, earn-
nest request were made
to the Arbitrators
through the Govt's
Counsels to complete
the earliest possible date
but the delay is being
caused by the opponent
party by filing various
petitions before the
Arbitrators, as well as in
the Calcutta High Court
from time to time.

3. *Third Arbitration.*

No claim.

	1) Outstanding royalty on timber exported and or consumed in the Licensee's Saw Mill.	4,68,749.62
	2) Interest on above royalty	3,19,624.46
	3) Shortfall royalty	48,82,039.26
	4) Interest on shortfall royalty	31,76,121.20
	5) Damages due to negl- igence of the Com- pany	12,925.90
	6) Outstanding royalty on Minor Forest Produce	11,707.87
	7) Interest on royalty on minor forest produce.	5,025.73
	8) Arrears of land rent .	897.30
		<hr/>
		88,77,091.34

1	2	3	4	5	6	7
4.	<u>Fourth Arbitration.</u> (Reference C & D)	Period of the claim of the Company is from 1st Apr. 63 to 31st Mar. 67.		(Period of claim 1-4-64 to 31-3-67)		
	(1)	Loss of profit suffered on account of wrongful, improper and illegal interference caused under Defence of India Rules 1962.	1,73,63,850.00	(1) Outstanding royalty on timber consumed in the Licensee's Saw Mill		15,859.77
				(2) Interest on the above royalty		₹ 4,250.65
				(3) Royalty on shortfall .	1,98,19,086.83	
				(4) Interest on shortfall .	27,263.48	
				(5) Damage due to negligence of the Company.	6,80,705.64	
				(6) Arrears of land rent .	1,794.60	
				(7) Arrears of land rent utilised for camp site.	70.50	
				(8) Cost of feeding of Company's elephant .	47.15	
				(9) Stores supplied to Company	631.20	
				(10) Elephant damages to Govt. properties .	1,375.78	
				(11) Arrears of royalty on M. F. P.	1,983.75	
					<u>2,05,53,178.33</u>	

5. *Fifth Arbitration.*

Loss of profit due to revocation of North Andaman Agreement of Licence.

1,01,25,000-00

As no statement of claim was filed by the company before the Arbitrators and hence no counter claim was filed by the Govt.

Claim of the Company has already been dismissed by the Arbitrators on 5-1-1976.

3.268. From the facts hereinbefore stated, the Committee do not feel convinced of the justification for Government entering into a long term agreement with a private party for exploitation of the North Andaman forests. If in spite of all the resources at its command Government was hesitant to take up the exploitation of forests in this area, there seems no reason to expect that a private party could do the job adequately. If Government had any such expectation, it has been belied by all that has happened. The Committee trust that Government will learn a lesson for the future from this experience.

3.269. The Committee regret that having entered into an agreement, Government did not take proper steps to ensure its implementation by the private firm. On Government's own admission, the said firm could not accept the timber-extraction target right from the outset, on account of their own shortcomings like financial instability and lack of adequate equipment. Government, however, never thought of any drastic action till 1961 when the defaulting firm chose to go in for arbitration. On the other hand, even supplemental agreements were entered into successively with the firm on 6-10-1953, 20-10-1956 and 23-4-1958. The agreement was not terminated till December 1968 i.e., after a period of more than 17 years, although there was provision for its termination in the event of failure on the part of the firm to pay its dues within a period of 12 months. The Committee would like Government to ascertain whether there were any tenable reasons for allowing an unduly long time to the firm to fulfil their contractual obligations in spite of their repeated failures and the sorry experience of arbitration proceedings. This is necessary for not only punishing those at fault in this case but also for taking remedial measures to ensure that such default does not recur.

3.270. The Committee are of the view that if timely action had been taken to terminate the contract as soon as persistent failures were noticed on the part of the private firm, huge amounts would not have accumulated against them and the possibility of the departmental working of these forests could have been considered. This delay has proved very costly in as much as Government have not been able to realise adequate revenue even on the timber actually extracted by the private firm not to speak of other benefits provided for in the agreement in the form of royalty on shortfall in extraction.

3.271. The Committee are also unhappy over the manner in which the arbitration cases have been pursued. It is distressing to see that the proceedings in the first Arbitration started as far back

as in July, 1961 in the case of the contracts with the North Andaman Licensee and dragged on for over 5 years before reaching any thing like finality, in spite of the time limit of 4 months provided in law for the completion of arbitration. The other three arbitration cases still pending settlement have taken as much as 6 years to 12 years, the Fifth Arbitration case was disposed of after 4 years. The Committee fail to understand the rationale behind the provision in the law of a limit of 4 months for the completion of arbitration when the actual time taken could be as long as 12 years. The Committee would like the Ministry of Law to examine this aspect thoroughly in consultation with other Ministries who actually have to go in for arbitrations or have to face arbitration proceedings in cases of agreements with private firms in order to amend the law suitably. The Committee repeat that the mere provision in law of something which cannot be enforced in practice hardly carries any meaning. This present case assumes importance because although the agreement was cancelled in February, 1968, the disputes which had already arisen appear paradoxically to be capable of being settled only by arbitration.

3.272. In this distressing story, Government has repeatedly suffered loss. In the first arbitration case, Government's claim for royalty on shortfall of extraction was not upheld. As the arbitrator's award gave no reasons, Government could not even find out why their claim was rejected. It will be strange if Government really find itself so helpless in such cases. The Committee would like Government to make up its mind and amend the law in such a manner that it would be obligatory on the arbitrator to give reasons for his award. Meanwhile, it should be ascertained whether in an award which sets out no reasons the aggrieved party have no remedy whatever.

3.273. The Committee find that even the amount awarded in favour of Government has not been fully recovered so far on account of certain alleged complications. The fate of three of the arbitration cases is yet to be known. The final position in regard to the realisation of the balance due in the first case and the awards in the remaining three cases should be intimated to the Committee.

3.274. It would appear from the dispute arising in these cases that the agreement entered into with the contractor was ab initio defective. It is usual in the case of big contracts to provide for appointment of arbitrators, but peculiar that in this case there was provision for appointment of arbitrators by both the parties. One consequence of the provision of appointment of arbitrators by both

the parties was that it was not always possible to synchronize the appointment of arbitrators by both the parties with the result that there were delays in settling the case. The representative of the Ministry of Law conceded during evidence that there were some disadvantages in having a dual arbitration clause. The Committee desire that in view of the experience in this case Law Ministry would issue suitable instructions for the guidance of all Departments. The Public Accounts Committee had in their 74th Report recommended that those found responsible for various lapses in connection with the drafting of the agreement should be penalised. Government's reply was that the case for initiating disciplinary proceedings had been considered by Government, in consultation with the Central Vigilance Commission but that no action was unfortunately possible against such officers at this distance of time. Though this reply had been accepted by the Public Accounts Committee in their 96th Report, it is desired that the appropriate lessons are drawn from this experience and that Government does not suffer similarly in future.

I. FOREST AND PLANTATION DEVELOPMENT CORPORATION

(a) *Evolution of the concept*

3.275. Until comparatively recently almost all forest operations in Andaman & Nicobar Islands were carried out departmentally. In 1947 a few small scale operators appeared in the Port Blair area to take up timber extraction work. Some of these operators are still continuing to extract timber for their limited use in the Middle Andamans. In 1951 a firm (P. C. Ray & Co.) was given the sole right to organise large scale work in the vast virgin areas of North Andaman. As pointed out earlier the work was commenced by the licensee in time but the firm did not succeed in achieving the target of extraction in any year. Eventually the agreement had to be terminated in 1968. Thus the extraction work continues to be the responsibility mainly of the Forest Department in addition to their responsibility for the maintenance and regeneration of forests.

3.276. In 1952, the need was felt to bifurcate the Department's activities—one branch to look after the perpetuation of forests and other to look after the exploitation and marketing operations. In 1957, the question was discussed as to whether the departmental form would be better suited for the exploitation and marketing operations or a quasi-departmental form (through a Corporation or other autonomous body). At that stage it was recognised that the Departmental organisation was not really equipped for undertaking ex-

ploitation work but under the circumstances then prevailing it was thought that there was no other alternative.

3.277. The NCAER in its report on the Techno Economic Survey of Andaman & Nicobar Islands (1972) recommended the setting up of an autonomous corporation with adequate capital resources for extracting the maximum amount of timber technically possible and for utilising it in the best interests of the territory. The arguments given by the NCAER for the establishment of such a Corporation were: (1) exploitation become a pre-occupation with technical forestry staff and as a consequence, the utilisation and market needs become an obsession in the working of the forests, to the detriment generally of forest conservation and improvement; (2) forest officers by their training are not really the best equipped to organise and carry out exploitation programmes to the high standards of efficiency and economy essential for securing maximum return, especially under the unusual conditions of work in these remote Islands; (3) the Governmental machinery has been unable to move with the rapidly changing requirements (regarding suitable staff, mechanisation, local craft, shipping etc.) and (4) entrepreneurs are more readily available now, than in the past.

3.278. The NCAER had visualized that if such a corporation came into being, the forest Department can well concentrate on the preparation of a detailed working plan for evaluation and regeneration of the forests for the next 10 to 20 years. The Department could take more areas for exploitation, build sufficient forest roads and supervise all work regarding forest development in the territory and leave actual extraction of timber and its further processing to the autonomous Corporation.

3.279. Almost simultaneously with the report of the NCAER the National Commission on Agriculture also in their interim report (1972) on production forestry and man-made forest, after carrying out projections of requirements of raw materials for forest industrial use, concluded that during the next 20 years a substantial quantity of raw material had to be produced from India's forest. They had found that the country had large stands of 'old growth timber' as well as vast areas of mixed forest from which limited yields had been harvested so far and that the immediate requirement of the country's needs could be met by tapping our existing resources.

3.280. In the context of the observations of the National Commission on Agriculture, Government felt that the Andaman forests should be exploited to the optimum extent. It was thought that in

the first phase it would be possible to harvest at least 1,20,000 cu.ms. of timber annually in addition to extraction by the Andaman Forest Department. The additional quantity was to be obtained from Little Andaman Islands and North Andaman Island only. It will be recalled that the present operations of the Forest Department are confined only to the South and the Middle Andaman Islands.

3.281. The National Commission on Agriculture in their aforesaid interim report after analysing the causes for under-utilisation of the forest resources of the country observed that the development in the forestry sector so far had been tardy, mainly because of the paucity of funds and the peculiar institutional system under which forestry development programmes had been founded. The Commission recommended that in order to bring out an un-interrupted development in the Forestry Sector, to meet our future requirements it was necessary to change the present financing pattern. The Commission found that the existing institutional arrangements stood in the way of forestry sector due to rigid adherence to rules and procedures which did not permit management of forests as a commercial enterprises. The Commission suggested the establishment of Forest Development Corporation, which would *inter alia* ensure the flow of institutional funds.

3.282. The suggestion made by the National Commission on Agriculture as well as the one earlier made by the NCAER, were examined by Government and a feasibility study was ordered in 1972. The first concrete move towards the establishment of the Forest Development Corporation was taken in 1974 with the preparation of a Project Report. The Project report as finalised in 1976 after consultation with the Ministry of Finance (Plan Finance Division), Bureau of Public Enterprise, Department of Revenue and Banking (Banking Division), Department of Science and Technology and the Project Appraisal Division of the Planning Commission is awaiting the approval of the Public Investment Board. According to the Project report the Forest and Plantation Development Corporation is to commence work in October, 1976.

3.283. It may be mentioned in this connection that along with the proposal to set up a Forest Development Corporation, Government has also under consideration proposal to set up 2 more Corporations *viz.* the Fisheries Corporation and the Plantation Corporation. A detailed note furnished by the Planning Commission on the 3 Corporations mentioned above is given in Appendix II. So far as the proposal of setting up a Fisheries Corporation is concerned, the Committee learn that the matter is still under consideration by an

expert group. The proposal to set up Plantation Development Corporation has made a more definitive progress. Notwithstanding the fact that the Committee were informed by the Planning Commission in December 1975 that the present thinking of the Commission was that there should be one single Corporation dealing with Forest, Plantation and Redoil Palm.

(b) *Salient features of the proposed Corporation*

3.284. The Committee observe from the Project Report that the main objectives of the proposed Forest and Plantation Development Corporation are as follows:—

- (1) Harvesting of the forest resources of the Islands to the optimum extent;
- (2) Marketing of timber and other forest products in the local, mainland and foreign markets;
- (3) Restocking of the harvested area with valuable species by artificial or natural regeneration.

3.285. Among other objectives are (1) Overall economic development of the territory which has been recognised as a backward area; (2) Generation of employment potential to people of local origin, settlers and skilled workmen from mainland and (3) Harvesting of commercial timber from areas to be released for settlement and for raising commercial crops plantation.

3.286. The project envisages a total capital expenditure of Rs. 534.60 lakhs for implementation during a period of 10 year. A provision of Rs. 400 lakhs has been made in the budget for the Fifth Five Year Plan period for the equity shares. Out of this amount, Rs. 255 lakhs has been proposed for this project and the balance amount of Rs. 145 lakhs has been kept for the establishment of wood based industries in the project area under joint sector venture.

3.287. During the year 1967—77 the provision for equity shares is Rs. 37 lakhs. The loan requirement for the implementation of the project is Rs. 25 lakhs i.e. Rs. 15 lakhs in shape of long term loan and Rs. 10 lakhs in shape of short term loan. The entire amount of loan alongwith interest will be expected to be paid back within the project period and the project is expected to be self-financing thereafter.

3.288. The project is expected to start generating a surplus over the costs from the fourth year. The total cost during the project

period of 10 year works out to Rs. 1409.12 lakhs and the gross benefit is Rs. 1753.27 lakhs giving a surplus of Rs. 344.15 lakhs. On the actual realisation of sales the Internal Rate of return for the project is estimated to be 17.10 per cent and if the benefits are adjusted during the same year the I.R.R. works out to 34.74 per cent.

3.289. The total requirement of manpower for the target annual production of 1.20 lakh cubic metres of round timber is 71,100 mandays of skilled workers and 6,30,000 mandays of unskilled workers. Manpower requirement has been phased out synchronised with to be phased out with the requirements.

3.290. The project provides for Rs. 78.45 lakhs for buildings construction and Rs. 221.75 lakhs for roads and tramline which are to be phased out with the requirements.

3.291. In keeping with the requirement of the project procurement of plants and equipment has been phased out and a provision of Rs. 234.40 lakhs has been made. Foreign exchange is required for purchase of equipment for timber extraction to the extent of Rs. 141.92 lakhs.

(c) *Forest Corporation in other States*

3.292. It would be relevant to mention in this connection that Forest Corporations have been set up in 11 States. The Orissa Corporation, among the earliest to be set up, engaged in exploitation and sale of timber from certain specified areas. In West Bengal also certain areas had been placed exclusively at the disposal of the Forest Corporation. The pattern in other states varied, some concerning themselves with exploitation and others with plantation.

3.293. The Committee learnt from Audit that the Orissa Forest Corporation has been functioning for 13 years and according to the latest available accounts had sustained cumulative losses.

The experience of other forest Development Corporations was also not very happy.

(d) *Department vs. Corporation form*

3.294. The Committee enquired whether the feasibility and wisdom of setting up a Corporation for the Andaman and Nicobar Islands had been fully considered by the Planning Commission before

getting their approval. In reply the Planning Commission in a note have stated as follows:—

“The feasibility and wisdom of setting up corporations for the exploitation of these natural resources has been given substantial thought by the Planning Commission. The National Commission on Agriculture has examined in detail the various operations involved in successful exploitation of forests and plantations. The thinking of the Commission of fisheries has also been available even before the Commission has submitted its report. It is abundantly clear that providing merely for harvesting of forests or catching of fish will not lead to an economic programme unless the aspects of replantation in forestry and proper marketing facilities and processing facilities for the produce is simultaneously provided. Such operations go across the responsibility of various departments in the Union Territories and various Ministries at the Centre. In action, there has to be prompt decision making and close coordination. Experience has shown that working a complex programme of this nature through the established departmental channels has always been fraught with various problems. The company form of promotion has been found to give the best results in dealing with such multi-disciplinary programmes. Control of Government and of Parliament is maintained over such public sector companies through their organisation for supervision and inspection of public sector companies. In Parliament this has been done by the Public Undertakings Committee.

There is another aspect of this problem, Departmental undertakings established in forestry and fisheries have been found not to be well up with either the economic or the monetary constraints inherent in the system. Departments which are organised for other purpose find difficulty in adjusting to commercial Workings. When money is advanced from Government there is also no concurrent check over use of such funds. From the report of the National Commission on Agriculture it is evident that forest exploitation and plantation development are highly commercial propositions provided commercial practices are followed. By ensuring that these corporations go to institutional sources for their funds both equity and working capital. It is ensured that commercial practices will be enforced.”

3.295. The Committee asked the former Chief Commissioner of Andamans and Nicobar Islands and the representatives of the Planning Commission to state their views on the question of setting up a corporation. The former Chief Commissioner stated:

“Certain new areas were identified as ripe for development, and it was thought that instead of entrusting the development of these areas to the Forest Department, it might be better to have a Corporation. In fact, the Corporation idea was not an idea which was projected by the Administration, but it arose from some study carried out by a Government of India team which suggested setting up of three Corporations, one for exploitation of forests, one for exploitation of fisheries, and one for exploitation of plantations.”

3.296. The representative of the Planning Commission gave his views thus during evidence:—

“As we understand it in the Planning Commission, the concept of these three Corporations arose partly on account of the feeling, not only in Andamans but generally in the whole country, that in activities like starting new plantations and exploiting forests, there are two distinct aspects of activities which one must undertake. Firstly, it is a sort of research and development activity which is best handled in a departmental set up because it is not a commercial undertaking; and the other aspect of it is purely commercial enterprises, that is, from the point of planting for rubber or whatever it is, the whole thing should be a commercially viable proposition. Now there is a general feeling that it should not only be commercially viable but it should also be a bankable proposition which can attract financial resources from institutional finance which in our way of working in this country, Government Departments are unable to attract. It is with this kind of thinking that Corporations of various kinds are now being examined and considered. It is a similar approach which has been applied to Andaman & Nicobar Islands, and it has been our view that, instead of three Corporations, one for plantations, one for forests and one for fisheries, perhaps at the moment they need only one, a plantation-cum-forest corporation which would undertake the activity in the whole of the islands

both for exploitation of plantations and for exploitation of timber. This is the approach which, so far, seems to have been applied. I cannot say that a final view has been taken by us."

"So far, we have not had an occasion to examine the specific proposal for this Corporation as the Articles of Association, I believe, have yet to be worked out. We have been having a provision for this in the Plans without any expenditure so far. We are hoping that very shortly this whole thing could be examined. I would not say at the moment that the idea that the Corporation would be the only solution has been finally adopted. It is not as if we have completely thrown out the concept of continuing departmental working. It would really depend on the manner in which the project is worked out and finally presented in the project report form. I believe that the Ministry of Agriculture is presently thinking of dividing the activities in the whole A&N Islands between the departmental working and the Corporation working, by which I mean, they are thinking of giving some areas to the Corporation and retaining some for departmental working. In the Planning Commission, our thinking has been that it cannot be a feasible proposition to have two different bodies doing identical jobs. This whole thing is a little uncertain at the moment."

3.297. The Committee referred to the fact that the Andamans was a predominantly forest oriented area. In the Forest Department and its ancillary agencies a body of officers, having lived and worked there had developed a kind of love for the area and a way of working with the aboriginal population. They enquired whether it would not be a great deal better to sustain in activities of these people instead of introducing a new organisation *viz.* a Corporation. The representative of the Planning Commission in his reply stated:

"If you are going to confine yourself merely to exploitation of forests and selling the produce of those forests to the Mainland or elsewhere, I am afraid, you may not be able to achieve the ultimate objective of seeing that maximum benefit go to the local people. Starting with timber there

can be a number of industries based on that. Perhaps the forest department may not have that flexibility to have all those activities. From this point also, the Corporation idea as such may not be totally out of place. I do realise that it is very significant to assure that the kind of people who man this Corporation, should have the right kind of orientation. I see no reason, why it cannot be so."

3.298. Referring to the argument that if a Corporation is set up it will be possible to obtain institutional finance, the Committee enquired why was it not possible for the Government of India to provide adequate funds to the Andaman Forest Department for its development needs. The representative of Planning Commission stated:

"There are two aspects of this question. Has the Government got an ability to attract investment from Public Financing Body? I would say, it has and it does so even today. For example, funds from LIC, etc. do flow into the sectors like Housing, Water Supply, Power, planned for by the Government and there is a direction to the financing body that funds be given for particular kind of activity, in particular States for particular project. But to my knowledge there has not been any occasion where Government has used its authority for directing flow of institutional finance directly for Government Departments. Funds have been directed to Electricity Boards, Housing Boards, Municipal and other bodies which run commercially viable water supply programmes. They are not Government Departments.

As far as Government's authority to channalise finance from Government is concerned I would say Government is repository of all authority but it has not used it. One of the reasons for that is money with interest can be charged only from commercially viable institutions."

* * * *

"Purely theoretically I would have no difficulty in conceding that Government departments can, in a sense, be financed by the institutional bodies through the mechanism of market borrowings. To what extent are we able to do so and to what extent and in terms of the totality or the total resources available to the country are we able to

cope up and plan? What we plan again depends largely on the nature of the system that we have adopted.

As things stand today the mechanism of market borrowings is not a sort of mechanism which can take into account all the resources which is normally conceived of so that the institutional finance is taken into account. But theoretically it can be done by making the system of planning and the system of consideration or calculation or resources a little more rigid. But, Sir, I do not think that the non-flow of institutional finance to Government undertakings is the only argument.

* * * *

This argument is the ability of Corporation to bring under one roof—not the expertise in the sense that you are mentioning but a multi-disciplinary kind of an expertise which is required for a fuller exploitation of the resources that you think of. For example, in the case of Andamans Island Forest Corporation one of the arguments we had in our mind in the Planning Commission was the need to assure that there is maximum amount of input or value added locally to the produce. This will call for an organisation which can integrate both backward and forward linkages. I dare say if the nature of the Department would change and itself becomes a multi-disciplinary Department the same thing could be there without institutionalising a Corporation being there. But this does not happen. The Government departments do not at the moment allow for the growth of variety of disciplines under one roof.”

3.299. The Committee enquired whether, after the Corporation came into being, the Forest Department would also have a role to play. The representative of the Planning Commission replied:

“Sir, if you have a Corporation you do not have a department doing the same thing as Corporation. The Department can carry on purely technical sort of functions like making working plans but when it comes to day-to-day working which is all done according to the working plan, this is to be done by the Corporation. We are not going to agree to any duplication.”

3.300. The representative of the Ministry of Shipping & Transport expressing his views stated:—

“Sir, if I may be allowed to intervene. I have worked as Forest Secretary. One difficulty faced by the Forest Department repeatedly was and this is a common phenomenon all over India that forests are being continuously felled and exploited but re-forestation is not taking place, at least to the desired extent, with the result the area covered by the forests is continuously going down. The reason being that Government is more pre-occupied with the day-to-day operations and cannot by its very nature invest in the future and the financial system is such that if the Forest Department is earning Rs. 40 crores it cannot retain a part of the revenue for re-investment in forest growth. But if you constitute the Corporation, the income of the forests will go to Corporation and the Corporation will be free to invest money back and re-generate the disappearing forests of the country.’

* * * *

“It starts with a share capital contributed by Central Government and may be some financial institutions. I do not know how it is happening in other States, but in the state to which I belong, the idea was that they will be cutting down the lower grade forests and selling the produce, bamboos and other plants which will become again available in 10—12 years. Meantime, the share capital raised by the Corporation will be utilised for carrying on day to day activities for the first ten years of the life of the corporation.

* * * *

There are three sources of finance, capital contributed by the State Government, by the Central Government and institutional finance which may come from a international agency at very very low rate of interest.”

3.301. It appears that Forest Development Corporation have already been established in eleven States. It is perhaps in keeping with a contemporary trend that a Forest Development Corporation is being proposed for the Andaman & Nicobar Islands. The Committee, however, do not feel that the issue has been comprehensively examine. The main justification for the step seemed to be the com-

paratively easy availability of institutional finance to such a Corporation and hence a certain assurance about the supply of funds needed for work on the forests. It appears, however, that State Electricity Boards, often function successfully without loan assistance from the established financial institutions such as the I.D. B.I., the nationalized Banks etc. Another argument heard by the Committee was that the existing institutional arrangements stood in the way of efficient forestry on account of certain rigid rules and procedures which militated against the management of forests as a commercial enterprise. While this may be true within limits, the Corporation would have in any case, to be initially manned by staff from the Forest Department, and a mere change in the organisational form cannot ipso facto transform its working. In fact, the performance of the Forest Corporations even in the more advanced States in the mainland does not seem, from Audit reports, to be particularly cheerful. The Committee cannot also overlook the advantages accruing from departmental performance of commercial operations provided only it is done capably and conscientiously. In the Andamans, specially, the Department is reported to be technically well equipped and at the same time involved in the tasks of looking after the forests as very much more than a commercial proposition. The Committee have serious misgivings about a Corporation personnel predominantly motivated by commercial considerations and run on business principles in a region such as the Andamans. Meanwhile, the marketing of timber and other forest produce in the local and mainland markets is by no means difficult because of the fact that infrastructural facilities are already available. However, the shipping arrangements, the forest roads and the extraction equipment are still highly unsatisfactory. The Corporation, in any case, must spend considerable money, to begin with, in order to step up the required facilities. A better working of the Forest Department modestly but seriously embarked upon would perhaps have produced worthwhile results. The Committee have yet another fear about this change. Disparities in the salaries of staff in the Forest Department vis-a-vis the staff of the Corporation might cause avoidable headaches and adversely affect the execution of programmes?

3.302. Since the setting up of the Corporation appears certain, Committee would ask Government not to be unmindful of the special responsibility now devolving on it. In the name of the commercial exploitation of the forest wealth of the islands, certain abiding

values to be kept in mind while working in a unique region like the Andamans must not be overlooked. It is fashionable these days to speak of ecology, but ecological considerations assume tremendous importance in such a region. Commerce cannot and must not be the sole nor even the dominant, motive in forestry or any other work in the Andamans. If, for instance, the interests of tribal welfare require it, a halt might be called to forest operations even where lucrative results are assured. As the Committee have repeatedly implied in this report, work in the Andamans must as far as possible, be done by people who have a feel for the islands and their indigenous occupants, a sense of India's responsibility for a highly valued and extraordinary element in her own varied make-up. For such people, a commercial corporation would not be perhaps as congenial as a regular Government department.

3.303. The Committee are glad that at least territorially the Corporation will not, when set up, duplicate the work of the Forest Department the latter continuing in the South and Middle Andamans while the former would function in the Little and North Andamans. As far as commercial activity is concerned, they would work in their respective areas on the basis of a healthy competition in excellence. In earlier reports the Committee have sought to point out deficiencies in the Forest Department which, it is hoped, will be taken note of both by the Department and by the Corporation which should learn from the former's mistakes. It is a nearly impossible job to work out a sort of golden mean incorporating the best features of public utility as well as commercial undertakings, but the Committee would urge Government to proceed thoughtfully in this matter on account of the special character of the Andamans and conduct forestry operations with an eye not only on economy but on ecology and with the interests of the tribal population always prominently in mind.

CHAPTER IV

(a) SHIPPING

4.1. Incidental to their examination of the audit paragraph, the Committee and their Study Group during a visit to the Andaman and Nicobar Islands encountered a number of other problems which appear to have befogged development of the Islands and the general welfare of the people there. The place of the Andamans in the annals of our freedom struggle and the national responsibility in regard to the perpetuation of the memory of that struggle and of our martyrs also required some discussion. The Committee have made, in the following pages, an effort to elucidate these points and make some recommendations.

A. PROBLEMS OF TRANSPORT

(a) Shipping

(A) *Mainland-Island Passenger-cum-cargo service*

4.2. The Shipping services on mainland-island passenger and cargo are at present operated by the Shipping Corporation of India utilising the following vessels:—

- (1) M. V. Andamans (Passenger-cum-cargo ship)
- (2) M. V. State of Haryana (Passenger-cum-cargo ship)
- (3) M. V. Shompen—(Cargo ship)

Previously another cargo vessel *viz.* M.V. Vishva Anand was also put on this run by the Shipping Corporation of India. This vessel was withdrawn by the Shipping Corporation of India from December, 1974.

4.3. The Study Group of the Committee were informed by the Andaman & Nicobar Administration during their visit to the Islands on the 12 February, 1976 that the two passenger ships operating between the mainland and the Islands were sufficient, except during the periods when one of them went to the mainland for annual passenger survey and when the vacation staff proceeds to and returns from the mainland. During this period, the Shipping Corporation of India at times chartered vessels from Mogul Line Ltd. and put them on

special services for short periods. But at times, when the substitute vessels were not available, the travelling public was put to great difficulties. Some times intending passengers had to wait at Madras and Calcutta for long periods and incur heavy expenditure. In order to improve this situation there was the need for having a minimum 3 passenger ships operating on this run at all times.

(B) *Mainland-Island Cargo Service*

4.4. So far as the cargo service from Mainland to Andaman and Nicobar Islands and from Andaman and Nicobar Islands to Mainland was concerned, it was stated that it was carried on by utilising the cargo capacity, available on passenger vessels and the cargo capacity of the MV 'Shompen'. At the request of the Wood Based Industries and the Forest Department the Shipping Corporation of India also at times deployed special cargo vessels as timber loaders to clear up accumulated cargo from A & N Islands to mainland Ports. This arrangement had not been found very satisfactory as the consignees were not aware of firm dates of arrival of such special loaders. The Andaman Administration was of the opinion that atleast one more cargo ship should be put on this run in addition to the MV 'Shompen' to meet the full requirements of transportation of cargo.

(C) *Inter-Island Passenger Service*

4.5. The Study Group learnt from the Andaman & Nicobar Administration that as per the original decision of the Government of India, Inter-Island passenger services were to be taken over by Shipping Corporation of India. However, the latest thinking was that the Administration should take over the inter-island services completely if thought fit, by obtaining the necessary personnel from Shipping Corporation of India and that there can also be arrangement between the Administration and Shipping Corporation of India for providing technical and other advice on a consultancy basis. The Shipping Corporation of India is stated to have agreed to this arrangement in principle; but it was learnt that further action on the part of the Shipping Corporation is awaiting the economic appraisal report from the Administration.

4.6. The Study Group learnt that the Chief Commissioner had invited the Regional Director Shipping Corporation of India Calcutta to pay a visit to Port Blair and advise the Administration in the matter. But the Regional Director does not appear to have been able to visit Port Blair so far. The Andaman Administration stated that this position had been intimated to the Government of India.

4.7. The inter-island service is being maintained by the following vessels:

- (1) TSS 'Yerewa'
- (2) MV 'Onge'
- (3) SS 'Cholunga'

These vessels carry out the following scheduled ferry trips to the Northern group of Islands as well as the Southern Group of Islands.

- (i) *Northern Group of Islands*: The vessel, SS 'Cholunga' carries out a weekly ferry trip from Port Blair to Diglipur via Mayabunder. At certain times depending on availability of vessels the MV 'Onge'/TSS 'Yerewa' also carry out ferry trips to Diglipur via Mayabunder.
- (ii) *Southern Group of Islands*: MV 'Onge'/TSS 'Yerewa' carry out ferry trips to Cambell Bay and back touching Hut Bay, Car Nicobar, Teressa, Katchal and Kamorta en route. Normally 4 scheduled trips are carried out monthly by these vessels.

In addition to the above the MV 'Onge'/the TSS 'Yerewa' also give a minimum of 2 short trips to Car Nicobar and back via Hut Bay.

These scheduled trips to the southern group of Islands do not touch some Islands such as Chowra, Kondul, Little Nicobar etc.

4.8. The Andaman Administration informed the Study Group that when all three vessels were operating on the aforesaid routes, no difficulty in maintaining the above schedules was experienced. However, when one of the vessels went for annual passenger survey to Calcutta, there were only 2 vessels left over to carry out these ferry services, which were insufficient. Further, the SS 'Cholunga' was an old coal burning vessel and the Administration had been asking the Shipping Corporation of India to purchase a replacement vessels for the SS 'Cholunga'. In order to maintain the above schedule without any reduction in frequency, there was need for an additional vessel of the Yerewa/Onge type, so that at any one time a minimum of 3 ferry vessels are available. This would also enable the Administration to have special services to the Islands such as Kondul, Chowra, etc. where ferry services do not call at present.

(D) *Inter-Island Cargo Service*

4.9. So far as the Inter-Island cargo services were concerned, the Andaman & Nicobar Administration informed the Study Group that these services were maintained by utilising the cargo capacity of the MV 'Onge', TSS 'Yerewa', SS 'Cholunga' and that of 2 small cargo vessels of 40 tons cargo capacity, the MV 'Kondul' and the MV 'Teresa' available with the Administration. But with these 4 vessels the Administration found that it is impossible to transport to the southern group of Islands as well as the northern group of Islands. The cargo capacity available with the ferry vessels (TSS 'Yerewa' 110, and MV 'Onge' 90 tons) was hardly sufficient to meet the requirements of transportation of ration articles and merchandise. Consequently, at times Private cargo vessels* plying in this area were also utilised by the Administration for carrying items such as building material, POL products, machinery etc. which are also required to be transported to far flung Islands.

(E) *Internal and Harbour Ferry Services*

4.10. In side the harbour areas such as Port Blair, Mayabunder, Diglipur, Nancowrie and certain stations located on the shallow straits, smaller inland ferry vessels are utilised by the Administration, as follows:—

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- (i) MV 'Little Andaman'
Port Blair -Rangat *Via* Oralkatcha, Uttara, Long Island and back.
 - (ii) MV 'Yamuna'
Port Blair—Rangat *via* Neil Island, Havelock and back.
 - (iii) MV, Ganga'
Harbour Ferry at Port Blair Harbour.
 - (iv) ML 'Mayur'—Mayabunder, Kalighat & back Mayabunder. Parangara & back Mayabunder—Bajota and back
 - (v) ML-5- Diglipur—Mayabunder & back
 - (iv) ML 'Hans' Harbour ferry at Nancowrie.
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* (i) MV 'Island Golory', (ii) MV 'Catharina' (Non-Operational at present), (iii) MV 'Safeena', (iv) MV 'Yolanda' (Incapable of plying in southern group of Islands), (v) MV 'Rajshree' (Incapable of plying in southern group of Islands) MV 'Safeena belongs to the Jadwet Trading Co. and is sufficient only to meet the requirements of transporting rationed items and merchandise to tribal areas, exclusively supplied by the above Co.

4.11. The Andaman and Nicobar Administration informed the Study Group that these vessels were not sufficient to meet the full requirements of transportation of passenger to and from far flung Islands. Provision had been included in the Fifth Plan for acquisition of the following vessels for augmenting harbour ferry services and inland ferry services:

- (i) 3 Nos. 60' harbour ferries.
- (ii) 2 Nos. larger harbour ferries (one as replacement).
- (iii) 4 Nos. Inland ferry vessels (2 as replacements).

4.12. During the visit of the Study Group of the Public Accounts Committee, the Chief Commissioner, during discussion, informed the Study Group as follows:

"Regarding shipping the two ships viz. M. V. Andamans and S.O. Haryana plying between the mainland and the islands were insufficient particularly when these ships go for annual survey. The need for extra sailing was also felt during certain peak periods in the year such as teachers sailing during vacation. The Government of India had been approached for one more ship in addition to the two so that direct services to Calcutta-Nancowrie-Madras could be operated. Similarly for inter-island services one more ship was necessary in addition to the existing three ships. This extra ship could be utilised for tourists traffic also. They were also feeling the necessity for a cargo loader for the export of timber products by Andaman Timber Industries, Jayashree etc. apart from the requirements of Government Department. According to the assessed requirement, at least three cargo ships of a particular type like M. V. Shompen would be required all throughout the year. The Chief Commissioner felt that three Shompen type vessels operating from our harbour would economically be more suitable. The Shipping Corporation of India was on the look out for providing extra Shompen type of vessel in this run."

4.13. Giving evidence before the Committee, the former Chief Commissioner of Andaman & Nicobar Islands had stated his views about the shipping needs of Andaman & Nicobar Islands as follows:—

"For the inter-island communications, at the moment, we have three small ships two of them very approximately about 200 tonnes each. These ships operate to the northern islands and southern islands. With the increase in

population—and the Andaman's population has increased very substantially over the years because of the induction of population from the mainland—the number of ships that operate at present is not adequate, and the Andaman Plan provides for additional ships to meet the inter-island traffic. If the additional ships are purchased and they start operating then the problem of inter-island communication will not really pose a very big problem. There is, of course, demand from remote islands that they should be connected more frequently than they are at present. The remotest island which is the Great Nicobar, and is the nearest island to Indonesia, is at the moment connected about once in ten days. We have a settlement there of ex-servicemen, and they would like, naturally, a more frequent connection, but that is not possible because, for small pockets of population, you cannot really invest very large amounts. If what is provided for in the Plan is really implemented, I think, the inter-island problem of communications will not pose such a problem. The real problem is the problem of communication between the islands and the mainland. There I have, for all the time that I have been the head of that territory, pleaded that we are very fortunate that this island territory is a part of our country and the investment that we have to make in these islands should not be calculated in terms of what we are going to get out of these islands or what is the number that is going to benefit, but in the background of the strategic value of these islands. These islands are a static aircraft carrier in the Bay of Bengal which guards the under-belly of our country, and the investments that we make there should be in that strategic context. Therefore, we should not fight shy of spending money on improving communications between the islands which are an integral part of our country and the mainland so as to give a sense of belonging to the people of these islands who now feel very remote and cut off. The shipping service is operated by the Shipping Corporation of India. The Shipping Corporation have always taken the plea that this is not a paying service, that they lose very heavily on this service. Therefore, the ships that are put on this route are, I am afraid, those ships which would not run anywhere else, and, naturally, because they are discarded and old ships, the expenses on running them are even higher than otherwise. My own feeling is that Government should run efficient and quick shipping service to these islands irrespective of the cost."

4.14. Since Vishkhapatnam was nearer to Port Blair than Calcutta and Madras the Committee enquired why the operation of a service from Vishakhapatnam had not been thought of. The former Chief Commissioner stated:—

“In terms of mileage it may be Vizag. Sir, earlier a decision was taken in view of the demand from Andhra settlers to start experimental services with our existing resources to Vizag. Some experimental runs were made but some difficulties were experienced and it was felt the response was not adequate. That was the reason why the experiment was not carried further. The Shipping Ministry would be able to explain more.”

4.15. The representative of the Shipping Corporation stated:

“There is more traffic both ways emanating between Port Blair—Calcutta and Port Blair—Madras than between Port Blair and Vizag. From time to time we have been examining the best way of operating the vessels and it has been found more conducive from the point of view of Andamans that mainly the services should operate between Port Blair and Calcutta and Madras. Only occasionally traffic justified some calls at Vizag and they are undertaken.”

4.16. In a note* furnished to the Committee after the evidence, the Ministry of Shipping and Transport, have stated:

“The Shipping Corporation of India has decided to provide 3 experimental sailings during the year 1976, in consultation with the Andaman Administration, with advance planning and publicity. The results of these experiments will be analysed and further action taken on the basis of that analysis.”

4.17. An article appearing in “Yojana”, dated the 15th August 1976, under the heading “Shipping: the Pain and the Pleasure”, the position in this regard has been well brought out:—

“When it comes to shipping, Parkinsons’ Law can be restated in the Andamans: Cargo increases to meet the space available for its shipment.

- (i) The Shipping Corporation of India (SCI), the Andaman Administration and the R. Akooji Jadwet (RAJ) lines operate about a score of large and small passenger vessels, cargo ships and ferry boats in the Islands. The more important of the publicly owned vessels are:

*Information is not susceptible of verification in Audit.

M. V. Andamans and the M. V. State of Haryana, usually put on the Madras-Port Blair and Calcutta-Port Blair routes (the M. V. State of Haryana also calls at Vishakhapatnam every quarter): the M. V. Shompen, a specialised timber carrier, the only one of its kind in the Indian fleet; M. V. Vishwa Anand, a multi-purpose, general cargo ship carrying timber, foodstuffs, heavy machinery, capital equipment, cement, elephants and other livestock; M. V. Onge, usually put on the run between Port Blair and the Nicobar group of islands: M. V. Yamuna and M. V. Little Andaman, usually on the northern run: the M. V. Tarmugli the Chief Commissioner's touring vessel; M. V. Kondul, M. V. Teressa, S. S. Cholunga, T. S. S. Yerewa, M. V. Ganga, and M. V. Cheetal, all on inter-island ferry services.

While the M. V. Andamans and the M. V. State of Haryana are owned and operated by the SCI, other important vessels are owned by the Administration but operated by the SCI. Now there is a move to hand over even the ferry services to the SCI. On the average it takes five days to traverse the 1,255 km distance from Calcutta and four days to cover the 1,190 km distance from Madras to Port Blair. Often, conditions at the mouth of the Hooghly makes it necessary for a ship to wait at anchor for 24 hours or more before entering the Hooghly channel. The fare per berth comes to Rs. 354 in the Deluxe cabin and Rs. 41 in the bunk class in the M. V. Andamans. It is Rs. 390 for air-conditioned state room and Rs. 41 for bunk class in the M. V. State of Haryana. Both ships charge Rs. 19.50 per adult per day for cabin passengers and Rs. 6.90 for bunk passengers for meals. (The air fare from Calcutta to Port Blair is Rs. 510).

- (ii) Shipping is the most basic of all infrastructure facilities needed in the Andaman and Nicobar Islands. It is indeed their lifeline. The Islanders' grudge is that the Shipping Corporation of India gives short shrift to the needs of the Andamans because the routes are troublesome and not very remunerative. To improve matters, there was a suggestion once that the Chief Commissioner of the Islands be appointed to the board of management of the SCI itself, so that the Andamans' chief constitutional and executive authority can fight out his battles from a position of strength! But if that suggestion is ever put into practice, another would

follow close upon its heels: To appoint him to the boards of our dockyards and shipyards as well. For, the other problem is that ships now in use are hardly suited to the needs of the Territory's peculiar needs. By the time a decision is taken, an order is placed and a ship is built, years elapse and the situation gets worse. To serve its needs, the Territory must have fast ocean-going vessels capable of carrying both cargo and passengers, a large fleet comprising different classes of vessels. Today, when larger vessels go on their annual surveys or repairs, even ferry boats fitted only with rows of benches are pressed into service for day-long, inter-island ferry trips. Ideally, it is the hydrofoil which can out the inter-island distances fast, but India does not make them and they are too costly to operate. This alternative may be dismissed as fantastic right now, but the contemplation of it serves to remind us that while micro-wave telephone links for the Islands were only a remote possibility in the 'sixties, they are a possibility within our reach in the seventies'.

- (iii) The difficulty of maintaining fast communication on the open seas is felt by the Customs also. Speed-boats imported a few years ago are now lying idle at the jetties for want of spare parts.

In all this, cost is the crucial factor. Since a good deal of the traffic is initiated by the Government itself, the Government has to think of cost-benefit rather than of benefit by itself.

- (iv) The other great difficulty is night navigation. While the creeks are chartered, they are not all marked by light buoys, and helmsmen depend more on their experience than on any artificial aid to navigation. The more difficult passages are negotiated only during the hours of daylight. The M. V. Onge, (556 OWT; overall length 68.269 m; unberthed passengers 188; cabin passengers 16; officers and crew 45), the vessel owned by the Andaman Administration and operated by the SCI, carrying us from Port Blair to Campbell Bay in the Great Nicobar and back, took six days to complete the distance of 294 nautical miles each way. On the voyage, she had anchored at Car Nicobar, Teressa, Katchal, Nancowry, Kapanga and Little Andaman. But at quite a few places she had to weigh anchor well before sunset, sail

the distance from the jetties to the mouths of harbours in daylight itself, and drop anchor once again for a few hours before setting sail for the next port of call, so as to arrive there only the next morning. Her problem was her inability to traverse the unmarked waters at night, and arrive at ports except during the hours of daylight. Much time, therefore, was wasted at anchor points at the mouths of harbours away from jetties. It meant a great deal of inconvenience to passengers.

- (v) Inadequate space in ships is another serious inconvenience. The M. V. Cheetal, a ferry boat pressed into inter-island trips, had bench accommodation only for 75; but she carried more than twice that number on that trip. On the trip to the southern group of Islands in the M. V. Onge, people came at many islands in large outriggers loaded with copra and other cargo, but the Master of the ship turned them back because the holds were already full.

4.18. The Study Group learnt from the Administration that during the 4th Plan a provision had been made for Rs. 233.400 lakhs under 'Ports & Harbours', against which the actual expenditure incurred was Rs. 189.109 lakhs. Under the Shipping Sector provision was made for Rs. 81.000 lakhs, against which the actual expenditure incurred was Rs. 38.768 lakhs.

4.19. During the Fifth Plan the programme under Ports and Harbour Sector envisages procurement of additional plants and machineries for strengthening Dockyard workshop to cope up with increased volume of repair work, procurement of 1,500 HP ocean going tug for berthing and unberthing of vessels, 8 in Nos. steel pontoons and 4 in Nos. 50 tons timber barges to provide loading and unloading facilities at Port Blair and other minor ports, 1 in No. heave-up-boat and 1 in No. 200 tons water barge for efficient functioning of harbour.

4.20. Under the Shipping Sector, in order to enable more frequent transport facilities and quicker movement of men and materials in different parts of the Islands, six schemes involving an outlay of Rs. 365 lakhs have been proposed. These schemes envisage procurement of two Nos. '60' boats, procurement of 4 Nos. passenger ferry vessels similar to MV 'Little Andaman', one in No. 150—200 tons Cargo-cum-touring vessel, 2 in Nos. 'Ganga' type ferry boats and 4 in Nos. self-propelled vehicle ferries for Andaman Trunk Road.

4.21. The Estimates Committee in their 87th Report (1975-76) made a detailed study of the Shipping requirements of the islands

and other inter-related issues, such as subsidy to the Shipping Corporation of India, freight rates and passenger fares and rational utilisation of shipping space. They found that one of the factors responsible for the shipping constraints was the deployment of old ships ready for being scrapped and replaced by the Shipping Corporation of India. They observed also a lack of decision in the matter of placement of orders for an alternative ship for deployment on the mainland-Andaman & Nicobar service, as the Mazagon Dock Ltd., had expressed their inability to construct the ship according to the original schedule. Additional mobile equipment for Chatham and Heddo Wharf which had been recommended in the report of the Chief Engineer appeared not to have been procured and installed in time. The Committee hoped that in deciding on any enhancement of freight rates as well as passenger fares as asked for by the S.C.I., Government would keep in mind the paying capacity of the inhabitants of the islands as well as the need for fostering closer ties with those living in that island and the mainland. Government had been asked to take into account the scope for improving efficiency by better utilisation of shipping service and by economy in administration and fuel cost. On the question also of subsidy to S.C.I. the Estimates Committee had drawn attention to the differential rates adopted in the suburban service of railways and the exemption given to railways in the strategic areas from paying the normally calculated return on capital investment. The Estimates Committee had also found under-utilisation of shipping space and poor turn-out of the ships to be a regrettable feature and had urged effective plans for better port operations in the Andaman & Nicobar Islands.

(b) AIR TRANSPORT

4.22. Indian Airlines started its air service between Calcutta and Port Blair in 1961. Initially, it was a once-a-week seasonal service operated with Dakota aircraft (the service, however, was not operated during the monsoon months). The service was started at the instance of the Ministry of Home Affairs on payment of a subsidy to cover the losses incurred by the Corporation, the amount of the subsidy being limited to a maximum of Rs. 3 lakhs per year. In 1966-67, the Dakota was replaced by a Skymaster and the service operated throughout the year. In 1968-69, again, the Skymaster was replaced by a Viscount. Presently the service is being operated twice a week. All along, the service has been operated via Rangoon as a technical halt since, with the type of aircraft with limited fuel-capacity in operation, it was not possible to provide a direct service.

4.23. The table below will show the sector distances between Calcutta/Rangoon, Rangoon/Port Blair Calcutta/Port Blair, Visakhapatnam/Port Blair, Visakhapatnam/Car Nicobar, Port Blair/Car bar together with the number of passengers carried between Calcutta and Port Blair during April to November, 1975:

Sector	Distance	
	Kilometres	Nautical Miles
1	2	3
1. Calcutta-Rangoon	1036	559
2. Rangoon-Port Blair	717	387
3. Calcutta- Port Blair (Direct)	1360	734
4. Visakhapatnam - Port Blair	1177	635
5. Visakhapatnam -Car Nicobar	1375	742
6. Port Blair - Car Nicobar	280	151

Month (1975)	No. of passengers Calcutta-port Blair	No. of passengers port-Blair Calcutta	Overall load factor Percentage
April	165	321	74.7
May	178	303	81.6
June	250	172	76.5
July	269	174	84.8
August	143	153	77.2
September	157	182	73.8
October	197	215	84.1
November	201	267	88.2

4.24. The Committee wished to know whether, in order to avoid having a technical halt in a foreign country, Indian Airlines could not operate a service between Visakhapatnam and Port Blair which was a shorter distance or between Calcutta and Port Blair direct without touching Rangoon. The Ministry of Tourism and Civil Aviation (Department of Tourism) have in reply stated:

“The distance between Calcutta and Port Blair or, for that matter, between Visakhapatnam and Port Blair is such

that, out of the aircraft in the fleet of the Corporation, a direct service could be operated only with a Boeing 737 aircraft. The airport facilities at Port Blair presently are such that it is not suitable for operation with a Boeing 737 aircraft. Operation with any other type of aircraft in the fleet of the Corporation, namely, Caravelle, Viscount, HS-748, and F-27, would entail a technical halt en-route. Such technical halt facilities are not available for operation either from Madras or Visakhapatnam or any other city on the East coast. Operation from Calcutta alone provides such a technical halt at Rangoon or Akyab, which used to be a halting place for some time. It is under these circumstances that right from 1961 the service is being operated between Calcutta and Port Blair with a technical halt at Rangoon and at Akyab for some time."

* * * *

"No traffic survey was so far made regarding traffic potential between Visakhapatnam and Port Blair because, as stated above, no direct service with any type of aircraft in the Corporation's fleet is possible between these two places. A Boeing 737 direct service is no doubt possible but not till airport and airfield improvements are effected not only at Port Blair but also at Visakhapatnam for which the Department of Civil Aviation have no plans. It could, however, be stated generally that a direct service, when it becomes operationally feasible, between Visakhapatnam and Port Blair, is not likely to produce better traffic with passenger and cargo than between Calcutta and Port Blair considering that Calcutta has direct links with Delhi and other important cities of India, which Visakhapatnam does not have."

4.25. It was stated during evidence that Port Blair aerodrome could not take an aircraft bigger than a Viscount or an Avro on account of runway limitations. The Committee enquired whether the feasibility of constructing another aerodrome in the Islands had been considered so that larger and faster aircraft could ultimately operate to the islands. In reply the Ministry of Tourism & Civil Aviation have explained the position as follows:

"A ground survey of a site at Calicut in Port Blair has been carried out and the site is considered suitable for locating

as a new aerodrome. A reference was made to the Air Headquarters who were inclined to agree with the suitability of the site but desired to examine a few more points before their consent was given. During a discussion with the Air Headquarters in September, 1974, they had mentioned that for assessing the suitability of the site from the Air Force operations point of view, they would have it examined by a Board (of officers) to be convened.

A development plan for the site was prepared and sent to the Principal Engineer, Andaman Public Works Department for examining at site problems if any in the acquisition of land. It was understood that a mosque and a burial ground were located in the land required to be acquired. The Chief Commissioner intimated that there would be no difficulty in acquiring the land. The cost of this project so as to make it suitable for Boeing 737 operations with the necessary associated facilities was estimated at Rs. 335 lakhs by the team which visited the site in December, 1972. The detailed survey of the area is yet to be done by the Central Road Research Institute. In the Fifth Five Year Plan a sum of Rs. 350 lakhs has been provided for this project. In the initial stage of the Annual plan for the year 1976-77, Civil Aviation Department had provided some funds for this project. This had to be deleted in view of the limited funds agreed to by the Planning Commission for 'new works'."

4.26. The Committee understand that as the estimated cost of development of a new airport at the Port Blair would be of the order of Rs. 6 crores and it would take 5 to 6 years to build, a suggestion had been made by the Chief Commissioner to extend and reinforce the runway at the present aerodrome at Port Blair instead of going in for a new site. According to the technical assessment of the Director General of Civil Aviation it is quite possible to improve the strength of the runway and make it technically feasible for Boeing operations. The cost of strengthening the present runway is expected to be about Rs. 38 lakhs. The Committee further learnt that the Indian Airlines were considering the question of acquiring a new type of aircraft (BAC III or F-28), either of which could operate to Port Blair, and that a decision was expected shortly. This decision may facilitate progress with the proposal of building a new and appropriate aerodrome. Besides, it is understood that on direct flight the new planes took only 2 hrs. 10 mts. from Madras and 2 hrs. 5 mts. from Calcutta, compared to 5 hrs. 30 mts. from Cal-

cutta via Rangoon to Port Blair including the 40 mts. stop-over. According to present indications, IAC appears satisfied that the density of traffic would warrant a large plane which might also as a result of reduced flight hours enable IAC to wipe out the loss it incurs at present.

4.27. In this connection the observations of 'Yojana' Special Number, hereinbefore mentioned, on Andamans & Nicobar Islands might be cited. The articles on air service in the said Special Number points out, *inter alia* as follows:—

- (i) The United Nations as well as UNCTAD III who had debated the need for more communications facilities for island societies were convinced that ships and airlines are the very lifeline of the Islands.
- (ii) During the peak season dozens of passengers from Port Blair are put on a chance list of every flight. Since there are only 2 flights a week, a refused chance passenger has to wait for about 3 or 4 days hoping for a vacant seat in the next flight.
- (iii) This shortage of space on the flights assumes poignancy for the Andamans when we juxtapose the fact that the very same I.A.C. runs a biweekly service to Male in the Maldiv Islands from Trivandrum, although passengers on that route are less than half a dozen often times.
- (iv) There is a feeling that Andaman's case has gone by default because there are no lobbies there except the territory's administration itself to press its case with the appropriate Government authority. Andaman's Administration has now achieved a measure of success in making its voice heard and things are stated to improve soon.

4.28. A regular and adequate passenger and cargo shipping service from and to the mainland as well as between the various islands is a basic requirement. It has been noted how the Forest Department's losses in timber export had been due to the inadequate capacity of the ships available. The Public Accounts Committee in their 74th Report (Fourth Lok Sabha) emphasised the need for augmenting such facilities. The Study Group of the present P.A.C. also saw how the shipping service, even on the inter-island routes, was entirely inadequate, the remoter islands remaining nearly always isolated. In the Fourth Plan relative to the Andaman and Nicobar Islands, a provision was made for Rs. 233.4 lakhs under 'Port and Harbour'. But no more than Rs. 189.109 lakhs could be spent. Again, under the shipping section (that is for internal and harbour ferry service) a pro-

vision was made for Rs. 81 lakhs, out of which only Rs. 38.76 lakhs could be spent. No wonder that the lack of modern navigational aid and harbour facilities and the consequent impossibility of navigating ships after sun set has come in for criticism even in the Planning Commission's official journal, namely, 'Yojana' to which several references have already been made. So far as the shipping operations to and from the mainland are concerned, the Committee's impression is that the Andaman Administration had underrated the requirements. The former Chief Commissioner was, during evidence, quite emphatic, however, in stressing the need for augmenting ships on the inter-island routes as well as mainland-island routes. The country, he felt, should not grudge larger allocations on augmenting such services because of the strategic importance of these islands and the desirability of giving the islanders a sense of belonging to India from which they feel at present so very remote and isolated.

4.29. The Shipping Corporation of India gets a subsidy for operating the mainland-island routes as well as the inter-island routes, but there is serious and continuing neglect. 'Yojana' has alleged that the Shipping Corporation appear to care little for the needs of the Andaman and Nicobar region, because, perhaps the routes are difficult and not particularly remunerative. The Committee agree with the observations of the Estimates Committee in regard to the question of subsidy payable to the Shipping Corporation of India, the improvement in their efficiency by better utilisation of services, revision of freight rates and passenger fares and the better management of the ports and harbours in the Andaman and Nicobar region. The Committee wish that the role of the S.C.I. in this matter is thoroughly examined and be settled by Government once for all without delay.

....

4.30. Although air service between Calcutta and Port Blair is more costly, it remains absolutely essential. By air, it takes some 5 hours and 30 minutes to reach Port Blair from Calcutta, as against 4 days by a ship. The figures regarding the over-all load factor during the months April to November 1975, furnished by the Ministry of Civil Aviation, indicate that the air service is quite popular. There are however two snags in this operation. The flight has to have a technical halt at Rangoon because with the type of aircraft now used, it is not possible to have a straight run from Calcutta to Port Blair. This is irksome, since a technical halt at Rangoon requires the passengers to have to collect passports, health certificates and Customs clearances which are not called for in domestic flights. Secondly, on account of the meagre air port facilities at Port Blair bigger aircraft cannot at present fly to the Andamans. Thus, during the peak season many passengers have to forego the air journey or wait in suspense

for days before they can get their booking. If bigger aircraft is deployed on this route, not only can the need for a technical halt at Rangoon be avoided but also more traffic can be served by a direct flight, with more fuel capacity, from Calcutta or Madras or even Visakhapatnam. The Committee understand that the I.A.C. has already carried out a test for different short haul jet planes that can operate on this route directly from the mainland and the I.A.C. Board is expected to take a decision shortly. The Committee are, however, constrained to observe that decision in this matter has already been long delayed. Nothing clearly is known yet about whether the existing port facilities at Port Blair could be suitably expanded or a new air port needed to be built. It is urgent that decision on this subject is expedited.

B. TOURISM

4.31. The Andaman and Nicobar Islands are known for their scenic beauty. Green forests cover more than 70 per cent of the total land-area, and most of the region is still luckily untouched by man. Nature reigns here, supreme in its untouched glory. Beautiful virgin beaches, placid, serpentine creeks set in the midst of evergreen forests, undulating hills and fantastic under-water life together make these islands a paradise for the right type of tourists. The sprawling island territory is like an El Dorado to lovers of flora and fauna and to all who delight in wild life of the gentler sort. Dear of different colours and shades, wild pigs, green pigeons and eguanas are found throughout the year. The robber crabs of Sentinel Islands, the Hornbill of Norcoundum and the green lizards found all over the islands are some of the world's rarest species, being exclusive to these Islands.

4.32. Apart from the flora and fauna, the territory's historical past also attracts students of history. It was in these islands, in 1944, even before independence, Netaji Subhas Chandra Bose unfurled the National flag of India, the first liberated portions of India being renamed *Swaraj* and *Shaheed* islands. A martyrs' column raised inside the Cellular Jail where hundreds of our patriots had been tortured by an alien Government is now virtually a place of pilgrimage for the Indian tourist while foreigner visitors also cannot be entirely unmoved. The Anthropological Museum located in the capital and the Cottage Industries Emporium provide a study in contrast. While the former exhibits tools and implements of tribal man and his Stone Age heritage the latter displays what is called 'Cottage Industries' in the making in these islands. These could be described as two unique treasure houses. Other tourist attractions, such as Mount Harriet, Viper, Ross Islands which are enchanting in their own way also in a way, revive some dreaded and poignant memories. Car-

byn's Cove with its crescent-like beach, located 5 kms. off the capital, is a lovely seaside place where tourists could go on picnic and disport themselves. Tourists' attractions like Madhuban in South Andamans where young elephants get schooling in forestry operations, Chidiatapu where birds of different hues and shades are seen in very large numbers, the valleys of Diglipur and Betapur in North and Middle Andamans where varieties of deer wander about, creeks on the banks of which crocodiles bask their skins, are all fascinating tourist sites.

4.33. The first and second Five Year Plans for the Islands did not contain any provision for development of tourism in the territory. However, during the Third Five Year Plan period, tourist homes, one at Carbyn's Cove and another in the capital, were constructed. Besides, providing garden umbrellas in selected centres by spending a sum of Rs. 3.246 lakhs. There was practically no spending during the annual plan period from 1966-69. Actually programming for the development of tourism commenced during the Fourth Plan period, when construction of tourist bungalow for low and middle income group for providing housing accommodation for about 50 tourists was taken up. During this period a total amount of Rs. 2.973 lakhs was spent for increasing the accommodation against an outlay of Rs. 3.75 lakhs. The annual plan for the year 1976-77 provides a total outlay of Rs. 22.976 lakhs for implementation of four schemes under the sector 'Tourism'. The programmes include establishment of a Directorate of Tourism and Publicity with a Director in the scale of Rs. 1100-1600 as head of the Department, two Information Officers, one each at Delhi and Port Blair, opening a Liaison Office and Emporium at Delhi, appointment of additional Tourist Guides, etc., besides increasing tourist accommodations, at all important centres of tourist attraction.

4.34. According to the survey made by the Tourism Department of Air India, the potential number of tourists in these islands has been anticipated to be 400 during the year 1975, 800 during 1976, 1200 in 1977 and 2500 by May, 1978. The Air India team also suggested the construction of 50-bed accommodation at Carbyn's Cove, and of 32 bed accommodation each at Car Nicobar and Avis Islands in North Andamans and Hutbay in Little Andaman. It will be necessary according to the report, to acquire faster and modern boats with cabins and lounges in replacement of the existing ill-equipped vessels, and also to make available underwater marks, with smorkel, fine air tanks with regulators, wet suits, fishing rods, etc. According to the calculation, a sum of Rs. 50,000 would be needed for the purpose, besides the Rs. 55 lakhs already estimated for improving tourist accommodation.

4.35. The Survey Team also suggested the setting up of a **tourism corporation** for ensuring faster growth of tourism in the islands. This corporation, if formed, should according to the Surveying Team have sufficient autonomy so that it can achieve good results within the shortest possible time. Another important recommendation called for the throwing open of Car Nicobar with its vivid tribal life also to tourists. The team found that the tribal people in the Nicobar Islands are advanced and no harm would be done to them if they were even allowed to come into same contact with the tourists. Similarly, the team recommended the entry of tourists in Little Andaman also. In both these places the team suggested that a Liaison Officer should invariably accompany the tourists.

4.36. Till December, 1974, foreign tourists were not allowed to visit Andaman and Nicobar Islands. The position now is that foreign tourists in small batches are waiting in the queue for getting a chance to visit these "green islands in the Merry gold sun." But the Administration are forced to hold them back for want of accommodation and adequate infrastructure. The following reply to Unstarred Question No. 1881 dated the 2nd April, 1976, by Minister of State for Tourism and Civil Aviation in the Lok Sabha gives an idea of Government's policy and plans for development of tourism in Andaman and Nicobar Islands:

"Foreign tourists are allowed to visit the Northern group of islands only (excluding reserved areas) subject to compliance with the entry formalities. Applications from foreign tourists for permission to visit these islands have to reach the Ministry of Home Affairs at least three weeks in advance from the proposed date of visit. A total of 64 foreign tourists are reported to have visited Port Blair (Andaman Islands) from 1-1-1975 to 28-3-1976.

There are no schemes, for the present to develop Andaman and Nicobar Islands in the Central Sector as large scale development of tourists facilities in these Islands is dependent upon removal of entry restrictions for international tourists and better communication facilities. The Island Administration however, has provided a 16-bed Tourists Bungalow at Port Blair, and proposes to construct additional accommodation at Port Blair during the Fifth Plan."

4.37. During the visit of the Study Group of the Public Accounts Committee to Andaman and Nicobar Islands in February, 1976, the Chief Commissioner, Andaman and Nicobar informed the Study Group that Government of India had decided to remove the ban on visit of foreign tourists so far as northern group of Islands were concerned. Regarding the restriction placed on the tourists the Chief Commissioner explained that these restrictions were put to protect the tribal areas in terms of the protection of 'Aboriginal Tribal Regulations'. At present, however, no infrastructure for development of tourism existed though the Islands were most enchantingly beautiful. The establishment of a State Hotel had, however, been since accepted in principle by Government of India.

4.38. As far as air services were concerned Chief Commissioner told the Study Group that the extension of the present bi-weekly Viscount service to Car Nicobar was under consideration. The feasibility of introducing a bi-monthly Boeing service from Madras to Car Nicobar was also under consideration.

4.39. The Committee asked the former Chief Commissioner of Andamans whether in his opinion tourism would not affect the pristine beauty of the area and in other ways bring more harm than good to the country. The former Chief Commissioner stated:

"We had seen the effects of tourism in places similar to Andamans and Nicobar Islands, where the sudden rush has completely changed the quality of the land and of the people as also the latter's attitudes. We therefore told the Government—and the Government have accepted this recommendation—that we had reservations about opening up Andamans—we had reservations about opening up Nicobar Islands in any case. The opening up of Andamans should be very selective, in the sense that the number of tourists, should be so small that we are able to keep an eye on the people and to see that the local economy is not affected in any way. Government has so far been following that policy."

4.40. During evidence the Director General of Tourism, while agreeing with the need to follow a cautious approach explained the position thus about the tourism potential in Andaman and Nicobar Islands.

"In the central sector we have no definite plans about tourism in the Andamans. There are many reasons for this.

Firstly, the main reason is, let us take mainland India. We have about half a million tourists. Supposing we want to develop tourism in Andamans, perhaps we will be able to send so many tourists there that the local population will be lost among them. In the mainland half a million tourists is nothing and they are lost in the crowds. The second point is security. A foreigner to go there needs a permit. So, we cannot encourage tourism there.

* * * * *

We would like the Ministry of Home Affairs advise us as to how far the influx of tourists into Andamans will affect the local problem of the inhabitants there. We, in the Tourism Department, agree that there are many blessings from tourism but it may also bring certain contrary factors there. So, we do not want to experiment in the Andamans unless we are sure how the aboriginals population there would react to the influx of tourism.

* * * * *

As I said, we have hopes and expectations, but there are no plans at this stage.

* * * * *

India has to preserve its well-defined and unique culture. I do appreciate that tourism has its advantages but, if, for instance, here tourism would mean that I disturb the aboriginal population there and I disturb their balance or that tourism may not mean any benefits for them, then, I am not interested in opening it to tourists. The Andamans have preserved its unique and well-defined culture. It is also a part of India but if by sending a large number of tourists there we disturb the balance there.....

* * * * *

We are satisfied that it has a tremendous potential in tourism. It is as good as any beautiful spot in this country. But I want to be sure as to which part of Andamans we can develop for tourism. We have no definite plans. I want to know how far the Civil Aviation

Department will be able to build air port there at Port Blair.

* * * * *

It (Andaman and Nicobar Administration) has some idea of building a tourist home there. They have a small tourist home which can be called one star accommodation. Andaman has an idea of setting up a Tourist Development Corporation which we would be in favour of, because it will be able to develop certain ideas for future development and that development becomes possible having regard to the ecological factors and also the development of airport and other factors.

* * * * *

When I was giving my views I was telling you about the participation of the Central Sector of the Department of Tourism. In so far as Andaman Administration is concerned, they have asked for certain money to develop tourist home there as per the report mentioned by you. As far as I know the Planning Commission has not yet sanctioned the amount that they had in view. But this is a local affair. The type of tourism that they are going to develop is for home tourism for a small tourist bungalow."

4.41. The representative of the Ministry of Home Affairs stated the position thus during evidence:

"We have seen the report of the Survey Committee on development and promotion of tourism. That has come only recently. They have made certain suggestions; we have to examine them. The point here is what exactly has to be shown to the tourists. For example, are we to take them into the areas where the tribes are living. This is one thing. Are we to think of areas where the non-tribal people are living?"

* * * * *

He has prepared a report. If the tourists are free to go anywhere that can be done. They cannot go to Rose Island. That particular scheme could not be put through. Security aspect is also there.

* * * * *

Before preparing any concrete plan, some field survey had been made by the department. That had been referred to us. We have to look into it and then consult them before demarcating the areas. We are waiting for that stage. We received the report only a few days ago.

* * * * *

The report came to the Home Ministry about a week ago. We shall take a view on this matter quickly."

4.42. The Andaman and Nicobar Islands have at present a number of enchanting spots which attract tourists. A Survey Team of Air India observed that the construction of 50-bed accommodation at Carbyn's Cove, 32-Bed accommodation each at Car Nicobar and Avis Islands in North Andamans and Hutbayin Little Andamans was badly needed. It will also be necessary to acquire fast and modern boats with cabins and lounges etc., in replacement of the existing ill-equipped vessels making available underwater marks with smorkel fine air tanks with regulators, wet suits, fishing rods etc. A sum of Rs. 50 thousand for such improvements apart from the allocation of Rs. 55 lakhs for improving tourist accommodation has been estimated by the Survey Team. These proposals are in addition to the proposed outlay of Rs. 22.97 lakhs under the annual plan for 1976-77 under the State Sector for implementation of schemes under Tourism. The programme includes the setting up of a Directorate of Tourism and Publicity with the requisite staff, including an information officer at Delhi and at Port Blair, a liaison officer at Madras and Delhi. The Committee feel that in view of the economic backwardness of the Islands and the urgent need to spend more on education, medical aid and the transport needs of the inhabitants, development of tourism should not be a top priority item. Besides, both the Department of Tourism and the Ministry of Home Affairs have rightly been somewhat cautious in their approach towards this subject. Exposure of the tribal population to the generally pleasure-seeking tourist cannot be permitted without very special precautions having been taken. There was very good reason for the Andaman and Nicobar Islands, with their unique characteristics and also their strategic situation to be closed to foreign tourists, which they were till December, 1974. Foreigners, after proper screening, and compliance with entry formalities, can now visit the north group of Islands. By a judicious process, however, areas in the region, considered to be appropriate and selected after examination of security considerations as well as the requirements of the tribal population, if any, near about, could be opened up for tourism purposes. The Committee would like the

primray emphasis in this matter, to be placed on inernal tourism, so that the number of foreign tourists, who in any case would need to be carefully screened, does not pose any detriment to the life of the Islands and danger to the security of the country. The Committee are of the view that while the tourism potential of these beauteous Islands should be judiciously and sensitively examined, a beginning should be made with the provision, as soon as practicable, of facilities for travel to the Islands and reasonable accommodation and other essential amenities for the tourist. The issue, however, will need to be examined very carefully and while there must not be a wide opening of the Islands to all and sundry, the enormous tourism potentiality of the Islands must not also remain in virtual abeyance.

C. REHABILITATION

4.43. The territory of Andaman and Nicobar Islands was administered as penal settlement till its occupation by Japanese during World War II. After the re-occupation of these Islands the penal settlement was abolished and large number of convicts and their families were voluntarily repatriated to their homes on the mainland. A considerable area of agricultural lands, which was being cultivated by these families, consequently fell vacant. At that time the bulk of the population in the Andaman Group was confined only to South Andaman, the Islands of Middle and North Andamans being practically empty. After independence there was an influx of refugees from Pakistan and these Islands were considered suitable for resettling a sizeable number of families on agricultural lands. A total number of 3286 refugee families were settled on such lands during the year 1952—1961. Induction of any more families was then held in abeyance pending review of the colonisation scheme.

4.44. The Government of India set up an Inter-departmental Team on Accelerated Development Programme for Andaman and Nicobar Islands in 1965 to draw up an integrated resource development plan for the Islands particularly for the purpose of rehabilitating migrants from the then East Pakistan and in the light thereof, to indicate the programme to be undertaken to supplement the scheme included in the Fourth Five Year Plan as well as to assess and recommend immediate implementation of selected projects incorporated in the fuller development programme.

4.45. In pursuance of the recommendations of the above team, re-settlement programmes were undertaken by the Rehabilitation Ministry in Middle Andamans, Neil Island, and Little Andaman. A programme was also initiated for settlement of ex-servicemen in Great Nicobar Island. By the end of 1975 additional East Pakistan families

numbering 338 had been settled in Middle Andaman, 560 families in Little Andamans, 175 families in Neil Islands, 100 families in Katchal and 100 ex-servicemen families had been settled in Great Nicobar. As a continuance of the programme, the Rehabilitation Ministry drew up schemes for resettlement during the Fifth Five Year Plan also. In addition to the schemes of the Rehabilitation Ministry, there were other programmes for deforestation for settlement of local landless people, defence requirements, cash crop plantation projects etc.

4.46. As the above projects required large-scale clearance of forest land, apprehension was expressed in various quarters including the Ministry of Agriculture that such large-scale clearance would result in bio-ecological degradation.

4.47. The Prime Minister of India desired that no further clearance should be undertaken till the matter is examined in all its aspects. Consequently the Department of agriculture set up a multi-disciplinary team to visit the Islands and study the impact of deforestation on environments and examine the suitability of forest areas being cleared for agriculture and plantation crops. The multi-disciplinary study team visited the islands in May 1975 and recommended that the existing programme of clearance under the Fifth Plan for rehabilitation purposes could be allowed to continue subject to careful selection of area and utilisation of commercial timber and that further clearance beyond the Fifth Plan should be critically reviewed on the basis of analysis of hydrological and meteorological data. The team further recommended that areas for rehabilitation should be carefully selected and that a Task Force should be constituted for the purpose. In pursuance of the above recommendations, it has been decided that areas for rehabilitation should be selected cautiously. The Andaman and Nicobar Administration has set up a Task Force the recommendations of which will be examined by a Land-use Committee under the Chairmanship of the Chief Commissioner which will finally recommend suitable areas for rehabilitation purposes to the Government of India for approval. Pending selection of suitable areas for rehabilitation purposes in the above manner, all programmes of clearance of forest areas have been halted.

4.48. The Study Group of the P.A.C. which visited the Islands during January 1976 had noticed two disquieting features of the rehabilitation of East Bengali refugees in those islands. They had found that some persons to whom land had been allotted were not actually cultivating the land but were doing so through Ranchi labourers. On the other hand some Bengali settlers were finding it difficult to repay the loans advanced to them after 1951 because they

were not able to sell their rice or Paddy to Government store. The Chief Commissioner, Andaman and Nicobar had told the Study Group that he had taken up the matter with the Government of India but was awaiting sanction for any relaxation of these conditions. That these Bengali refugees particularly those belonging to the weaker sections suffered from many discriminations and difficulties have been also voiced in the Third Report of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes (1974—76) of the West Bengal Legislative Assembly. The observations of the West Bengal Legislative Assembly Committee's report are so pertinent that they deserve to be quoted. The Committee had observed as follows:

“1.3. In course of the discussion, the Committee made a reference to the Government of India's circular which enjoins that a person recognised as belonging to Scheduled Castes in any particular State would bear that identity even after his migration to some other States. The Committee was surprised to know that the Andaman Administration was not aware of any such circular. As a result, the Committee felt that the persons who belonged to Scheduled Castes and Scheduled Tribes and were recognised as such before their migration to the Andamans from West Bengal did not get any facility in the matter of education, housing, service etc., which they could have otherwise got. The Committee also came to know that the educated members of the Scheduled Castes and Scheduled Tribes did not get employed or situation commensurate with their educational qualifications.

1.4. The Committee also visited the islands which were thickly inhabited by the East Bengal refugees. The Committee, in course of discussion with the representatives of the families of agriculturists belonging to Scheduled Castes and Scheduled Tribes and other backward classes consisting mainly of displaced persons from former East Pakistan, came to know that they were sent from the mainland to colonies in the Andaman Nicobar Islands under trying conditions. The Committee also came to know that after their arrival in the Andamans, only 5 acres of land, only 2 to 3 acres of which being cultivable area, out of a promised quota of 10 acres were allotted. But this could hardly assure their living above poverty line for all these years. Ploughs and animals of the value not exceeding the limit of Rs. 700 were supplied to them after 5 years from the date of their arrival and this belated supply accounted for their untold misery during the intervening period.

- 1.5. The Committee further came to know that house-building materials of the value not exceeding Rs. 800 were given to every family on instalment basis after a period of 5 years from the date of their arrival. This delay resulted in their living in temporary shelters during the intervening period.
- 1.6. The Committee felt that the socially and economically backward families so settled in the Andamans thus became victims of indebtedness because of the Administration's failure to give effect to the terms and conditions of the Settlement Scheme. Again, the Committee came to learn that while ex-gratia grants had been provided to the extent of Rs. 20,000 per family in the Andamans to certain categories of persons, an ex-gratia up to Rs. 5,000 only per family for the same purpose was granted to the East Bengal refugees. The Committee noted this unwholesome discrimination against the weaker sections, who, the Committee felt, needed greater help and assistance in the matter of rehabilitation.
- 1.7. A representation was made before the Committee on behalf of the East Bengal refugees settled in the Andamans to the effect that they should be given permanent and heritable right in land instead of lease for a term of three years. The Committee had a discussion with the administration in this respect. The Committee noticed that the Andaman Administration had a genuine apprehension that the refugees inhabited in the islands might dispose of the land at a higher price once they got permanent title to the land. The administration felt that the present system of lease should continue till the Government was satisfied that the refugees developed a genuine love for the soil."
- 4.49. That the condition of other settlers in Andaman & Nicobar also deserves attention would be appreciated from the fact that the tribal population of the Andaman & Nicobar Islands comprises of only 16 per cent of the population and the balance 84 per cent is made of settlers from the main land.
- 4.50. The linguistic break-up of the present population referred to in paragraph 1.19 is being reiterated for purposes of a clearer under-

standing of the position:—

1. Assamese	17
2. Bengali	28,120
3. Gujarati	159
4. Hindi	13,982
5. Kannada	201
6. Kashmiri	8
7. Malayalam	13,952
8. Marathi	115
9. Oriya	250
10. Punjabi	1,024
11. Sindi	7
12. Tamil	14,518
13. Telugu	9,261
14. Urdu	2,488
15. Nicobarese Tribes	17,874
16. Negrito	532 (Approx)
17. Others	8,021

4.51. There are many happy features of the settlement in Andaman & Nicobar Islands. For instance although the major linguistic groups in the Andaman and Nicobar Islands are Bengali, Hindi, Malayalam, Tamil, Telugu and Nicobarese, the commonest language for inter communications in the Islands is a simplified dialect of Hindi, which has evolved locally under the various linguistic and cultural influences during the last 100 or so years. Secondly, as is well known, a great majority of the prisoners of Andaman Jail after serving their term preferred to remain in the Island because they did not want to risk adjustment to changes conditions in their original homes. Under these peculiar conditions there was a lot of social restraints and marriages also took place irrespective of considerations of caste, creed, class, language or region.

4.52. The Committee note that different linguistic groups from the mainland, who have been rehabilitated in the Andaman & Nicobar Islands have produced a generally happy picture in the shape of

the settlers having discarded many traditional social restraints, and while adhering to their own linguistic affiliations have achieved a sort of truly national integration. A simplified dialect of Hindi appears to be known and employed for day-to-day purposes by people deriving from different linguistic zones in the country. The Committee welcome this phenomenon of the emergence of new pan-Indian social values and of a kind of assimilation into a conscious Indian nationality. As Government have already noted, it is important that the rehabilitation programme should not affect the character of the island region, and that, for example, damage to and destruction of the forest wealth of the islands should not, in the name of economic progress, be permitted. The Committee note that the Multi-Disciplinary Study Team earlier referred to has made recommendations in this regard which should be carefully kept in view.

4.53. The Study Group of the P.A.C had met not only the tribal people but also the ex-Servicemen settled in the islands, the refugees from the former East Pakistan rehabilitated in the area and other elements from the mainland who are now an integrated part of the population of the islands. They learnt of certain grievances, for example, of Bengali settlers who had some advances given after 1951, but were finding it difficult to repay the loans on account of inability to sell the products of their agriculture to the Government store. The Committee note that in this regard in particular there is considerable relevant information in Third Report of the West Bengal Legislative Assembly's Committee on the welfare of Schedule Castes & Schedule Tribes (1974—76) which require perceptive examination.

4.54. The Study Group reported also some disquieting information to the effect that in some cases allottees of land did not themselves actually cultivate, but had the job done through what is known as Ranchi labour. This should be thoroughly looked into and in no case should encouragement be given to what may develop into the pernicious system of absentee landlordism. In view of the enormous and untapped economic resources of the Andaman & Nicobar Islands it is necessary, no doubt, to utilise the presence of migrants from the mainland as well as the Indians already settled in the region, and ensure the kind of economic development which will bring benefit to the islands as well as to the entire country. The Committee urge, however, that every precaution should continue strictly to be taken to ensure that the human and technological angle is constantly kept in view and that in the name of so-called economic progress the uniqueness of the region is not jeopardized.

**D. TRADING RIGHTS IN NICOBARS BY M/S. AKOOJEE
JADWET & COMPANY**

4.55. During their visit to the Andaman and Nicobar Islands in February, 1976, the Study Group of Public Accounts Committee were informed that the trading rights in the Nicobars were governed by the Andaman & Nicobars Islands (Protection of Aboriginal Tribes) Regulations 1956 and the rules framed thereunder and non-tribals could not purchase land or start trading there. They, however, learnt that the following 3 firms in which M/s. Akoojee Jadwet had interest were controlling these activities:

- (i) Car Nicobar Trading Company;
- (ii) Nancowrie Trading Company; and
- (iii) M/s. Akoojee Jadwet & Company.

The tribals had no alternative but to sell their products to them and purchase their provisions from them. Even the Administration was not able to enter into these activities. The Study Group were told that the Car Nicobar Trading Company and the Nancowrie Trading Company had taken an injunction from the High Court in 1967, restraining the Administration from interfering with their trade & business.

4.56. On the role of the aforesaid firms the former Chief Commissioner of Andaman & Nicobar Islands during his evidence before the Committee stated:—

“Even earlier than Japanese occupation of the islands some traders having links with Burma were operating in Car Nicobar Islands. After re-occupation, the British found it necessary to provide merchandise and other commodities to the Nicobar group of islands and make for some arrangement whereby copra and other produce could be sent to India. At that time some traders were called in and some kind of trade arrangements were made with these traders. That sort of arrangement continued for several years, till it was felt that a better system for the tribal area might be to foster the idea of tribal cooperatives both at grassroot level of villages and right up to the highest level of distribution to mainland. At that time the Chief Commissioner cancelled the licence or did not extend it, of traders who had monopoly interests. On this the traders went to the High Court and obtained stay order. Government is contesting this stay order. The

case is still in the High Court. My predecessor's predecessor made an attempt. Government found itself helpless against the orders of High Court. As I said, Government is contesting the case in the High Court."

4.57. The Additional Secretary, Ministry of Home Affairs, explained the position thus:—

"This problem has not arisen now. It had come to notice quite some time ago. A regulation was made to the effect that these tribal areas will be declared as special areas, trade being allowed under the authority of licence so that exploitation will not be there. These licensed people will be controlled in the matter of pricing etc. It is true that they started exploitation and that is why licence had to be cancelled. In the meantime when the Administration set up their own shops for making purchases etc. and that was held to be objectionable and contempt of court proceedings were drawn up against the Chief Commissioner and he was punished."

"We have examined legally and we are not satisfied; that is why we are contesting it. We are asking for early hearing. The hearing will be in next month or so. This could be thought of and further action could be taken."

4.58. The question of doing away with monopoly trading interest of a private company M/s Akoojee Jadwet in the Nicobars also came up for scrutiny by the Estimates Committee in its 128th Report (Fourth Lok Sabha). While dealing with the aspect of Akoojee & Co. the Committee observed as follows:

"The Committee are distressed to find that the Andaman and Nicobar Administration has been involved in a series of litigation with Akoojee Jadwet & Company on account of which Government cannot proceed with their plans to improve the lot of the Nicobarese and save them from economic exploitation." c

4.59. Subsequently in 1976, the Estimates Committee in its 87th Report (5th Lok Sabha) observed as under:

"The Committee note that the trading rights in the southern parts of the Islands are governed by the Andaman and Nicobar Islands (Protection of Aboriginal Tribes) Regulation 1956 and the Rules framed thereunder, and the non-tribals cannot purchase land or start trading there. At

present, one company, M/s Akoojee Jadwet, is controlling these activities. Consequently, the tribals have no alternative but to sell their products to them and purchase their provisions from them. The Committee also note that the company had taken an injunction from the Calcutta High Court which was pending since 1967. The result is that the Andaman Administration is unable to set up any trading organisations there. The Committee desire that while taking advantage of the present emergency in the country, this matter should be taken up at the highest level so that the problem could be resolved once and for all and the monopoly of the private company done away with, to enable the tribals to sell their products in the open market which could fetch them better return for their products. The Committee need hardly stress that it would go a long way in enabling the tribals to stand on their own feet and free them from exploitation if suitable marketing facilities are provided to them whereby they can sell their produce and purchase essential commodities like kerosene, standard cloth and other essential commodities at fair prices."

4.60. The Committee desired to know the latest position in the matter of scrapping of the trading rights of the firms controlled by M/s. Akoojee Jadwet & Company. The Ministry of Home Affairs in a note have stated as follows:—

"In order to get over the block caused by litigation, it was felt that attempt should be made to negotiate the matter with Akoojees. The negotiations with M/s. Akoojees to settle the matter out of Court continued over a number of years and in fact they broke down a couple of times during that period. However, another effort was made early this year which has helped in reaching an understanding. As a result of this the Court cases have been withdrawn, and the Akoojees have agreed to close and wind up their business and interest in the area and hand over to the tribals their business activities and offices connected therewith by the end of September, 1976 and further dissolve the constituent companies as soon as possible but not later than that date. In a recent discussion the representation of the Akoojees has undertaken to furnish all details and documents about the transfer by the end of this month to ensure satisfaction of all the requirements of the understanding."

4.61. The Committee are distressed to hear of the alleged economic exploitation of the Nicobarese by the (i) Car-Nicobar Trading Company (ii) Nancowrie Trading Company and (iii) M/s. Akoojee Jadwet & Company, in which M/s. Akoojee Jadwet had controlling interest. As long as 1967, the Andaman administration had known of this and sought to cancel the licences given to these firms but they were restrained by the injunction which the said companies obtained from the Calcutta High Court. It is for nearly a decade that Government has been trying to contest the case in the High Court but without success so far. The Committee are unable to appreciate why it has not been possible for Government, with the best of legal advice presumably at their command, to have the injunction vacated or other appropriate remedies secured. The Andaman Administration was now reportedly trying to get over the legal hurdle by a process of negotiation with the Akoojee & Company outside the court. Their latest efforts seem to have led to the Administration withdrawing the case and the Akoojees agreeing to wind up their business and dissolve the constituent companies as soon as possible. The Committee trust that the said understanding reached with M/s Akoojee will at least be implemented soon. It is necessary for the Committee to be satisfied that exploitation of the Nicobarese is actually stopped as a result. The Committee would also urge that in order that the Nicobarese should be encouraged to form their own cooperatives for which requisite assistance should be generally provided. This needs to be emphasised because the Administration's efforts in regard to the formation of cooperative societies had unfortunately failed.

E. CELLULAR JAIL

Improvements in the Building

4.62. To most of Indians the Andamans and the vast expanse of *kalapani* which it overlooks are associated with our freedom struggle. Earlier also for the mutineers of 1857 who were transported for life, penal settlement had been established at Port Blair but there was no prison as such. The construction of the notorious Cellular Jail was commenced in 1896 and completed in 1910.

4.63. From 1910 onwards a large body of hostile journalists, conspirators and other political prisoners were sent to Cellular jail and kept under the ruthless thumbs of British Superintendents and their wardens. Notable among the freedom fighters who were sentenced to Andaman were the persons arrested in the Alipore conspiracy

case, Shri V. D. Savarker and his brother who was leader of a revolutionary movement in Maharashtra and the leaders of the revolutionary movement organised by Shri Sachindra Nath Sanyal. The treatment meted out to the prisoners in Cellular jail was so oppressive that it is reported that many of them unable to reconcile themselves to the heartless conditions, committed suicide. The accounts of sufferings of the martyres quoted extensively in R. C. Majumdar both 'Penal Settlements in India' make a soul searching experience.

The Estimates Committee of Lok Sabha in their 128th Report (Para 1.31) presented to Lok Sabha in April 1970 had recommended that the delapidated condition of the Cellular Jail should be improved and it should be maintained as a national monument.

4.64. In May 1969 the Expert Committee consisting of representatives of Archaeological Survey of India, Ministry of Education, etc. This Committee visited the Cellular Jail in October, 1969 and *inter alia* made the following principal recommendations:

- (i) The surviving portion of the jail should be maintained as a National Memorial.
- (ii) The entrance gateway should be used for housing a museum and library relating to the revolutionary movement and the freedom struggle.
- (iii) The jail should be made a living institution of national importance (not a mute memorial).
- (iv) Suitable memorial to freedom fighters should be put up within the jail building.

4.65. The estimated cost of implementation of these recommendations was about Rs. 64.00 lakhs. The Prime Minister, to whom the Report of the Expert Committee was put up, observed as follows on 17-11-1971:

"The main point of the preservation of Jail is to maintain its gaunt severity. This would be the most effective and poignant memorial. Statues, gardens and youth camps will detract from the atmosphere of the original Jail which we seek to preserve and will have an obviously artificial look. These proposals should, therefore, be dropped. Instead of all this paraphernalia, a roll call of freedom fighters, inscribed on metal plaques might be put up at an appropriate place. We are in no position to incur the substantial expenditure which the Expert Team's recommendations would necessitate. The matter should be re-examined so that construction of new buildings is avoided."

4.66. In order to avoid the substantial expenditure which the Expert Team's recommendations would necessitate, it was decided that the matter should be examined so that the construction of new buildings was avoided. Accordingly, the Andaman and Nicobar Administration were asked to carry out essential repairs to the Cellular Jail building at a cost of Rs. 4 lakhs, spread over a period of two years. The Andaman and Nicobar administration were also asked to draw up a phased programme for the construction of buildings which might be necessary for shifting the offices, stores, etc. now located inside the Cellular Jail building, so that this building was not subjected to wear and tear on account of continued occupation.

4.67. The question of improvement in the delapidated conditions of the Cellular Jail again came up before the Estimates Committee in 1974. Not satisfied with the progress made in the improvement of the conditions of Cellular Jail, the Estimates Committee accordingly in its 87th Report (5th Lok Sabha) presented in January 1976, had recommended as follows:

"That Committee are constrained to observe that in spite of the recommendation made by them as far back as May, 1970, regarding improvement in the dilapidated conditions of the Cellular Jail and its maintenance as a National monument, progress made in this direction so far has not been satisfactory. The implementation of the phased programme for construction of buildings for offices, stores and new Jail Complex etc. with a view to shift them from the Cellular Jail, has been very slow. No work has been done in Wing No. 6, as this is occupied by offices for whom alternative accommodation is yet to be constructed. Even site selection and preparation of detailed estimates for the purpose have not been carried out by the A.P.W.D. In regard to the Entrance Block and Wing No. 7 which are occupied by the Medical Department and Nurses Hostel has been completed, four Jail Warders and one staff Nurse are still residing in the Entrance Block of the Jail which is to be vacated on the construction of a new Jail Complex.

The Committee are distressed at the slow progress made in the vacation of the various Wings of the Cellular Jail which is to be maintained as a national monument. They would like Government to take effective measures in this regard. The Committee urge that a well-defined and time bound programme should be prepared for the vacation of the various Wings of the Cellular Jail building and to maintain them properly."

List of Freedom Fighters . . .

4.68. In paragraph 3.19 of their 43rd Report of the Estimates Committee had noted that Government had collected all the information about the names of people who had been deported to Andaman Islands. Government had also taken the assistance of non-official organisations in this regard. Since Government had got enough information with them regarding the freedom fighters deported to Andamans, the Committee had urged that the list of names of freedom fighters should be compiled expeditiously and the complete list of names inscribed on the stone plaques inside the jail without any further delay.

4.69. In reply, Government informed the Estimates Committee in November, 1973 that a list of freedom fighters who had been incarcerated in the Cellular Jail, Port Blair had since drawn up in consultation with the Fraternity Circle, Calcutta. Action to inscribe the names on stone plaques had been initiated. Doubt, however, still existed about a few names. These were being verified from the concerned State Governments.

4.70. Subsequently, the Estimates Committee were informed in December, 1974 that the list of names of the freedom fighters incarcerated in Cellular Jail had been finalised in consultation with the Freedom Fighters Fraternity Circle, Calcutta and the Government of India, Ministry of Home Affairs. These names had already been written on the wooden plaques. Action had also been taken for the procurement of marble Tower of the Jail.

4.71. During their study tour to the Islands in January 1975, the Estimates Committee had observed some inaccuracies in the names of freedom fighters as also the States under which they were shown. On being pointed the Committee had been informed that necessary corrections had been made and that the work of inscribing the names afresh, with the additions and alterations on new marble plaques was expected to be taken up shortly.

4.72. During the visit of Study Group of the Public Accounts Committee in February, 1976, it was however noticed by them that there were still inaccuracies in the names of prisoners. The Study Group of the PAC had also to their surprise observed that a part of the Cellular Jail was still being used as a jail for present day prisoners.

4.73. The Estimates Committee of Lok Sabha in their 128th

Report, more than 5 years ago, recommended that the dilapidated condition of the Cellular Jail should be improved and it should be maintained as a national monument. The Committee regret that progress in this direction has been far from satisfactory and the Cellular Jail building still continues even to house various offices and stores, and was partly being used as a Jail for ordinary prisoners. It is preposterous that what is virtually a national monument, cherished as a shrine of our freedom struggle should be used in such unworthy fashion. The Committee urge that the country's desire for a national memorial at the Cellular Jail should soon fulfilled and no part of the structures where our patriots languished for years should be tampered with or utilised unimaginatively. There should also be, as often demanded by public opinion, a correct and adequately respectful display of the names of freedom fighters who had served their term in the Cellular Jail. The Estimates Committee of Lok Sabha was told in 1973 that the Government had collected full information about the relevant names. It is unfortunate that it has not been possible so far for Government to display accurately that scroll of national honour in an appropriate place. The Study Group of the P.A.C. noticed inaccuracies in regard to some names and also the States to which they belonged. The Committee trust that it would be possible for Government to make amends in this matter without delay.

NEW DELHI;
 September 30, 1977.
 Asvina 8, 1899 (Saka).

C. M. STEPHEN,
 Chairman,
 Public Accounts Committee.

APPENDIX I

(Vide Paragraph No. 3.76 of the Report)

Note on tenders for extraction of commercial timber from Havelok Island.

The Andaman Forest Department invited tenders for extraction of commercial timber from 120 hectares of Forest land in Havelock Island and delivering the same to the Department. The tenders were opened on 19-1-1970. There were only two tenders, details of which are given below:

Name of tenderer	Rate offered per cu. M.
1. Shri Satchita Nand	Rs. 41 for hard wood Rs. 36 for soft wood
2. Shri Y. A. Kadwa	Rs. 43 for hard wood Rs. 38 for softwood

The Andaman and Nicobar Forest Department made inquiries about the suitability of the lowest tenderer viz., Shri Satchita Nand from the Superintendent of Police, District Magistrate and Executive Engineer, Public Works Department. The Superintendent of Police informed that there was nothing politically or criminally in the records against Shri Satchita Nand except that he did not complete certain contract works awarded to him by the Public Works Department and the Forest Department as a result of which his security deposits were forfeited. The Deputy Commissioner informed that Shri Satchita Nand was not solvent for the contract without proper sureties. The Executive Engineer, Public Works Department informed that Shri Satchita Nand's performance in the contracts with his Department was not satisfactory and that he was bent upon creating trouble rather than in carrying out the work entrusted to him.

In view of the adverse reports about Shri Satchita Nand, the Administration decided to negotiate with Shri Y. A. Khadwa to ascertain whether he was willing to undertake the contract at the rates quoted by Shri Satchita Nand.

In their letter of 14-8-1970 the Administration made a reference to the Ministry of Agriculture indicating the position of the two tenderers and recommended that the contract may be awarded to Shri Y. A. Khadwa at the negotiated rate of Rs. 41 per cu. m. for hard wood and Rs. 36 per cu. m. for soft wood. A reference from the Administration to the Ministry became necessary because under the "Delegation of Financial power Rules", the Chief Commissioner was not competent to accept this negotiated tender. In his telegram and a letter of 9th September, 1970 Shri Durga Prasad, Executive Member of Andaman District Congress, Port Blair levelled allegations against Shri Y. A. Khadwa of his being a foreign national of unsound financial stability of bad character and being black listed by the Forest Department. On 16-10-1970, a copy of Shri Durga Prasad's letter was sent to the Administration for their comments on the allegations and also whether they were still in favour of giving the contract to Shri Khadwa or whether they would like to reconsider the desirability of reinviting tenders. In their reply dated 23-11-1970 the Administration wrote to the Government of the India that inquiries as to Shri Khadwa's antecedents were made and these inquiries revealed that there was nothing criminally against him in police records. It was also further revealed from the police records that the Government of India had already remarked that registration of Shri Khadwa under the rules relating to foreigners need not be insisted upon in view of the peculiar circumstances of this case and he may be allowed to stay on undisturbed. The Administration also intimated that the financial stability verification was not insisted upon in another similar contract earlier. In short the Administration did not consider it necessary to revise their earlier recommendation with regard to awarding the contract to Shri Khadwa. The matter was discussed with the then Chief Commissioner and Chief Conservator of Forests Andaman and Nicobar Islands on 19-1-1971 when these two officers happened to be in New Delhi and when the Chief Commissioner pressed for early finalisation of the case on the basis of recommendation sent by the Administration. The Chief Conservator of Forests was asked to give specific instances of Shri Sachita Nand's unsatisfactory performance of contracts with other Government Departments. The Chief Conservator of Forests sent copies of tender documents and correspondence regarding Shri S. Anand with other departments on 25-1-1971. On 22-2-1971, Chief Conservator of Forests was requested to indicate reasons why inquiries about financial position in respect of Shri Khadwa had not been made and to intimate categorically whether he was satisfied with his financial position if such inqu-

iries were not considered necessary and whether Shri Khadwa was likely to perform the contract satisfactorily. In the wireless message of 3-3-1971, the Andaman Forest Department stated that financial stability verification was not done in the case of Shri Khadwa. The Chief Conservator of Forests requested for Government orders for acceptance or otherwise of Shri Khadwa's tender. The matter was then examined in detail. The Ministry of Agriculture examined the matter *vide* notes on page 24-25 in file No. 2-61/70-F.II sent with this note, and on 13-4-1971 informed the Chief Conservator of Forests that the matter had been considered in the Ministry of Agriculture and Irrigation and it had been decided that fresh tenders might be invited for the purpose. On the request of the Chief Conservator of Forests, the tender papers along with challan for earnest money deposit by Shri Khadwa were returned to the Administration on 5-5-1971. On 29-5-1971 the Chief Conservator of Forests was requested to indicate the action taken by him on the decision dated 13-4-1971 of this Ministry. On 24-6-1971 the Chief Conservator of Forests intimated that it had been decided to modify the conditions of the earlier tender slightly and to call the tender for the forest area of 120 hectares. But since demarcation and the survey of the area and enumeration of the commercial trees was in progress to obtain a more realistic estimate from different types of forests as soon as this work was completed fresh tenders would be called and the Ministry would be informed accordingly.

On 20-10-'71, the Chief Conservator of Forest sent details of following three fresh tenders received by him:

No.	Name	Ra
1.	Shri Sham Sunder Arora	Rs. 56 for hard wood Rs. 51 for soft wood
2.	Shri Thein M. G.	Rs. 58 for hard wood Rs. 53 for soft wood
3.	Shri Y. A. Khadwa	Rs. 61 for hard wood Rs. 56 for soft wood

As the total value of the contract to be accepted on the basis of the revised tender exceeded Rs. 3 lakhs, it was beyond the financial powers of the Chief Commissioner and approval of the Government of India was sought for acceptance of the lowest tender of Shri Sham Sunder Arora. Andaman Administration had already anti-

pated higher tender rates in case fresh tenders were called due to rising costs. According to Proforma Account for the year 1969-70 the cost of production of logs by the contractors upto Ghat depot was Rs. 47.17 per cu.m. both for hard wood and soft wood. In the case of Havelock, the contractor had to form some kachcha road and also to transport the logs to the rafting point and from the rafting point it had to be pulled down over a distance of about 2 km. on the average to the Lacum Harbour Depot which was the delivery point and also export depot. This involved an extra cost of about Rs. 10 per cu.m. Thus the cost of delivery for the contractor at the delivery point at Lacum Harbour Depot, ever according to the Proforma Account for the 1969-70 was to the tune of Rs. 57 per cu.m. According to the provisional proforma Account for 1970-71 the anticipated cost upto Ghat Depot was Rs. 59 per cu. m. and the cost of production of logs for 1971-72 was likely to be higher by another 10 per cent. The proposal from the Andaman Forest Department was examined in consultation with the Director (IF) in the Ministry of Agriculture and Irrigation and Government's approval to the acceptance of the lowest tender offered by Shri Sham Sunder Arora was communicated to the Chief Commissioner, Andaman and Nicobar Administration on 1-12-1971.

It has been ascertained from pages 10—38 Notes of Andaman Administration file No. Tim/169/C-70(i) Volume II which is also enclosed that Shri Sham Sunder Arora completed the contract satisfactorily. He was granted five month extension in two spells in accordance with the provision on the contract and an area of 24 hectares was subsequently excluded from the contract area with the approval of the Chief Conservator of Forests as this area was found to be precipitous, inaccessible and extraction of timber from there would have resulted in soil erosion.

Encl: File No. 2-61/70-FII of the Ministry of Agriculture and Irrigation. File No. Tim/169/C-70(i) Volume I and II of Andaman Forest Department.

APPENDIX II

(Vide Paragraph No. 3.283 of the Report)

Note on the setting up of Corporation for forests, fisheries and plantation.

“The Department of Agriculture had two proposals for the setting up of (1) Forest Development Corporation: and (2) Plantation Corporation and a project for Red Oil Palm Plantation during the Fifth Plan. The Planning Commission had agreed to the setting up of those corporations in principle, for the Fifth Plan, a provision of Rs. 4 crores has been allocated for the Forest Development Corporation. In addition to this the Department of Agriculture, under the Central Sector has provided Rs. 4 crores—Rs. 2 crores for the Plantation Corporation and Rs. 2 crores for project for development of Red Oil Palm. The question of setting up Fisheries Development Corporation has not yet been taken up by the Department of Agriculture. Certain surveys however, are being carried out to find out the marine resources of Andaman. After the findings of the surveys and its economic performance is assessed, the feasibility of establishing a Fishing Corporation will be considered and the project report formulated. The details of the Forests and Plantation Corporations are as follows:—

I. FOREST DEVELOPMENT CORPORATION

“The complex of Andaman & Nicobar Islands is one of the richest reservoirs of forest wealth in the country. Unfortunately, for a variety of reasons like lack of means of transport and communication, difficulties in extraction of timber from remote and out-off places, difficulties in marketing of products and paucity of funds, the forest wealth could not be exploited fully. Against the estimated annual potential yield of 3,65,000 cubic meters of commercial timber, only 98,000 cubic meters are being extracted annually. If this extra potential could be exploited, it could fetch an extra revenue of about Rs. 6 crores per annum. There is substantial demand in the home market and abroad of timber and other products of the Andaman & Nicobar forests.

The Estimates Committee of the Fifth Lok Sabha in their 43rd Report for the Union Territory of Andaman & Nicobar Islands also has commented as follows about under utilisation of forest wealth in the Islands. "The Committee are constrained to observe that the progress made by the Andaman Administration and The Ministries concerned towards full exploitation of forest wealth in the Island is extremely slow and that at present against the total capability of 3.07 lakhs cu. ms. only 95,000 cu. ms. i.e. less than 1/3rd is being exploited...."

".....undertake a Crash Programme for the fullest exploitation of forest wealth so as to ensure maximum possible yield from the rich forest resources of the Island."

The National Commission on Agriculture suggested setting up a Forest Development Corporation to exploit forest wealth on commercial lines. Since adequate additional funds are not expected under normal budgetary provisions, the Corporation is expected to raise loans from Institutional sources, as working capital. The proposals of the Estimates Committee and the National Commission on Agriculture have been accepted by the Andaman & Nicobar Administration. The activities of the Corporation would go beyond the harvesting of forest trees. It would set up wood-based industries, market the products in the mainland and foreign countries and replant forest species in the areas of annual cutting. The activities of the Corporation are expected to result in the overall economic development of the area, generation of employment and foreign exchange.

It is proposed to set up a Forest Development Corporation during the Fifth Five Year Plan. According to the estimates given in the Project Report, the total funds required for the project is estimated to be Rs. 1621.74 lakhs. The total cost of project which includes cost of plant and equipment, buildings and other civil work and other items, but excludes working capital, is Rs. 1434.22 lakhs. According to the proposal, the Corporation would have the equity capital of Rs. 75 lakhs; balance of the capital and working capital would have to be borrowed. The Corporation proposed to approach the World Bank also for assistance.

II. PLANTATION CORPORATION

The proposal to set up a Plantation Corporation in Andaman and Nicobar Islands envisaged: (i) taking over the management of 33 small existing coconut plantation covering an area of 1139 hectares (which are mostly under the management by private farmers who have taken the lands on lease) and developing new plantations (ii) new plantations of 2,500 hectares for coconut (iii) for raising new plantation of red oil palm over 2,400 hectares (iv) 750 hectares under spices viz. pepper nutmegs clove, cinnamon etc., and (v) 2400 hectares of Rubber plantation in Kachal Island. The total capital cost of the project in the year 1973 was estimated at Rs. 1136.25 lakhs (Rs. 287.06 lakhs for coconut plantation, Rs. 369.50 lakhs (since being revised to Rs. 558 lakhs) for palm oil, Rs. 144.27 lakhs for spices and Rs. 576.25 lakhs for rubber plantation).

The proposal for the establishment of plantation corporation for the concentrated development of the plantation crops in the Islands has been worked out on the recommendation of the Committee of Economic Secretaries and has been formulated by a Sub-Group under the Chairmanship of Shri P. V. Gajapati Raju, Ex-Chairman, Indian Coconut Development Council. The Corporation has to be registered as a limited company with the Government of India as sole shareholder. The management has to be vested in Chairman and Board of Directors to be nominated by the Government of India. The share capital of the Corporation will consist of equities and preferential share in the ratio of 75:25. The equity shares shall be subscribed by the GOI and the preference shares could be subscribed by various financial institutions concerned with the development of agricultural. Alternatively, loan at a low rate of interest shall be provided by the Government to the Corporation to cover up the preferential part or the entire capital requirement may be provided through equity.

On the basis of the comments offered by the Project Appraisal Division (Planning Commission) on the feasibility report in 1972, the Ministry of Agriculture submitted the revised proposal. The Planning Commission concurred with the proposal to set up the Plantation Corporation with certain observations regarding the

coconut and species and intimating them that the projects of red oil palm and Rubber have already been approved. On the basis of the observations made by the Planning Commission, the Department of Agriculture prepared a revised feasibility report which was sent to the Planning Commission by the Department of Expenditure. This revised Report is under examination of the Project Appraisal Division of the Planning Commission. The Project Appraisal Division has raised certain points about the cost estimates, coördination of different schemes and the agencies who would be operating more or less in the same area and administrative problems of the area arising out of different activities and schemes.

The P.I.B. recommended in March, 1975 that the raising of red oil palm plantation in little Andamans over an area of 2,400 hectares should be taken up by the Forest Department of Andaman & Nicobar Island and whether a separate Corporation would be set up for this purpose or not would have to be decided in the context of the proposed composite Plantation Corporation. The total cost of the project will be of the order of Rs. 5.58 crores (revised). The project will have the components, the first component will be cultivation and maintenance of oil palm plantation and the second will be establishment of the factory for the extraction of oil. The project is on the basis of the Kerala oil palm project, and it was drawn on the recommendations of (i) Directorate of Oil-Seed Development, Hyderabad who have conducted extensive surveys and studies; (ii) Central Team of experts on Development of Agriculture who visited the Island in 1970; and (iii) the Committee of Economic Secretaries which recommended accelerated development of these Island. A provision of Rs. 20 lakhs was made during the year 1974-75 and sum of Rs. 25 lakhs has been earmarked for the year 1975-76.

III. FISHERIES DEVELOPMENT CORPORATION

The National Council of Applied Economic Research studied the possibility of developing fisheries in the Andaman & Nicobar Islands as early as 1967 and advised the formation of a Fisheries Development Corporation to carry out the following works:—

1. to carry out the proposed potential study;

2. draw a programme for the utilisation of the fish catch; and
3. explore the export possibilities.

The subject was further considered at a meeting held on 27-8-1975 under the Chairmanship of Additional Secretary, Ministry of Home Affairs. The Chief Commissioner, Andaman Administration was of the view that the Government must draw a prospective plan for the long-term development of fisheries leading to the formation of a Fisheries Corporation. The Planning Commission also stressed the need for exploratory work for deep sea fishing and preparation of feasibility report for the Corporation based on the results of this exploratory work. A preliminary report for the setting up of Andaman & Nicobar Fisheries Development Corporation was prepared in 1975 by the Andaman and Nicobar Administration and submitted to the Ministry of Agriculture with the broad outlines of the proposed project. The Andaman & Nicobar Administration felt that to achieve the twin objectives of survey of resources as well as commercial exploitation of the available resources, the only practical solution appears to be a formation of a Fisheries Corporation. It has been pointed out in the Administration's note that during the last 3 years they have collected a lot of basic information on the availability of fish etc. Shark fishing indicates the possibility of economic viability.

The Department of Agriculture has established an exploratory base at Port Blair to survey the marine resources of Andamans. The Andaman Administration is introducing seven mechanised boats for exploitation of marine resources. Based on the findings of the surveys and the economic performance of the boats, the feasibility of establishing Fishing Corporation will be considered and the Project report formulated.

etc. seriously militate against the setting up in the islands of anything like an adequate public works department. These difficulties, however, are not insurmountable. They were, the Committee learn, to have been examined at depth by the Chief Commissioner of Andaman and Nicobar Islands who was asked by Government as long ago as in March, 1975 to prepare a report. The Committee are not aware of the results of his labours, but have been informed during evidence, that a subsequently appointed Central Co-ordination Committee of senior officers of the Ministries of Home Affairs, Agriculture, Defence, Finance and Rehabilitation have not proved effective either, and that apparently still unsolved procedural problems had erupted. This is by no means a happy picture. The development of this Union Territory, home of primitive peoples who are presently poor but potentially opulent, a region strategically situated and scenically entrancing, is for this country an imperative human and historic responsibility. The Committee are of the view that Government should set up an adequate nodal agency at a high level charged regularly with the duty of ensuring that development on the right lines of the Union Territory proceeds effectively and is reviewed meaningfully, so that the islands as well as the mainland are truly linked in their forward march together.

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Home AffairsDeptt. of Agriculture

The Committee, studying the tribal situation in the Andaman and Nicobar Islands, can do no better than recall the words,

still valid and vital, of Jawaharlal Nehru when, in June 1952, he addressed in New Delhi the opening session of the Scheduled Tribes and Scheduled Areas conference:

“.....So far we have approached the tribal people in one or two ways. One might be called the anthropological approach in which we treat them as museum specimens to be observed and written about. To treat them as specimens for anthropological examination and analysis—except in the sense that everybody is more or less an anthropological specimen—is to insult them. We do not think of them as living human beings with whom it is possible to work and play. The other approach is one of ignoring the fact that they are something different, requiring special treatment, and of attempting forcibly to absorb them into the normal pattern of social life. The way of forcible assimilation or of assimilation through the operation of normal factors would be equally wrong.”

“In fact, I have no doubt that if normal factors were allowed to operate, unscrupulous people from outside would take possession of tribal people. We must give them a measure of protection in their areas so that no outsider can take possession of their lands or forests or interfere with them in anyway except with their consent and goodwill. The first priority in tribal areas, as well as elsewhere in the country, must be given to roads and communications.

Without that, nothing we may do will be effective. Obviously, there is need for schools, for health-relief, for cottage industries, and so on. One must always remember, however, that we do not mean to interfere with their way of life but want to help them live it."

It appears to the Committee that our development policy in regard to the tribal peoples of the Andaman and Nicobar Islands has continued over the years after the independence to be little more than 'ad hoc' and not firmly grounded on principles carefully thought out and sincerely implemented as Jawaharlal Nehru, representing the country's finest thinking on the subject, wanted to be.

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2.32

Home Affairs
 Deptt. of Agriculture

The Committee are well aware of the peculiar complexity of the hang-over from British rule in that island region. It was in pursuit of stark imperialist interests that Britain had sternly established a foothold in the islands. To begin with, "a shelter for their drifted ships" was found necessary, and when the islanders in their sparse and separated settlements naturally resisted, they were struck down by ruthless suppression and mass massacre. In pursuit, of their strategic and other interests, the British rulers of India consolidated their grip over the islands and from the time of the Great Revolt of 1857 onwards, set up in the remote territory across the dreaded 'black water' 'Kala Pani' prison fortresses for those whom they called dangerous criminals. In that category were the 1857-58 fighters as well as, later, the death-defying revolutionaries who

4.	2.53	Home Affairs
		<hr/> Deptt. of Agriculture <hr/>
		Deptt. of Culture

struggled for the freedom of India, the object of the alien rulers having been to crush their spirit just as they had nearly decimated the aboriginal population. In the process, the British government had uprooted the tribal population from their own vast forest fastnesses and herded them together in the virtual concentration camps called 'Andaman Homes' where they languished and lost their native vitality. Since the second half of the 19th century, the population of the islands rapidly declined, this being the result (as Radcliffe-Brown states in his book "The Andaman Islands ed. 1932) of "European occupation" and "new diseases that have been introduced among them". Except to some extent for the Nicobarese, the tribal picture in the entire region under British rule is indeed utterly dismal and a disgrace to "civilised" administration. It was, in the circumstances, no easy job for independent India redeeming the situation. The Committee feel, however, that even allowing for the formidable difficulties involved in the task, Government should have made better progress in effectively reversing colonial policies towards the tribal population and achieved happier results.

In the speech referred to earlier, Jawaharlal Nehru had spoken of tribal people "who sing and dance and try to enjoy life, not people who sit in stock exchanges, shout at each other and think themselves civilized". There is "no point", he said "in trying to make them a second-rate copy of ourselves". It may be recalled that the great Albert Schweitzer who dedicated his life to Africa in expiation of Europe's crimes in that continent once said: "Yes, the African is my brother-only he is some 10,000 years younger." Perhaps it could be said that all aboriginals are indeed brothers to civilized man, only

that they might be 'younger' by several hundred or even several thousand years. The Committee, contemplating this fascinating subject and deeply conscious of the profound implications of the fact of our co-existence in India with tribes in varying phases of evolution, stress Government's responsibility not to rely on accustomed administrative measures in relation to the indigenous population in the Andamans and elsewhere, but to pursue earnestly a policy of never imposing upon them and by special, sympathetic and sociologically appropriate treatment, assimilate them in India's composite body politic, leaving them to their own vivid entity and yet at the same time enlisting their talents in tasks of reconstruction in our multi-coloured land. The Committee are happy that responsible witnesses before them, whether anthropologists or administrators, agreed with this basic approach to the problem.

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Home AffairsDeptt. of AgricultureDeptt. of Culture

It appears from the material before the Committee that tribes like the Andamanese, the Onges and the Shompen are perilously near a point where they might be extinct. However, the picture perhaps is not quite so dark. In spite of transplantation from their own island to another, and in spite of 11 out of 18 Onge infants born during the last five years not surviving, their vitality does not appear to have been totally sapped, and with special care they might well grow in numbers and strength. As indicated earlier, the Andamanese and the Shompen could also be nurtured into strength and enabled to play a role in their homeland. In regard to the Jarawas

and the Sentinelese, both officially still considered 'hostile', the Committee are of the view that while adopting necessary security precautions, the Jarawas should be sought to be positively befriended and not frightened off contact with our people by such instruments as the so-called 'Bush Police' when they spontaneously resist encroachments on their land for purposes (to them unexplained) like road construction. It was heartening that the officiating Director of the Anthropological Survey of India agreed with the Committee on this issue, adding that "the sea and the forest have given sustenance to their (The Jarawas) life", and this must always be kept in mind. It is good to note also that, both in regard to the Jarawas and the Sentinelese the present Government policy is to pursue the possibilities of friendly contact, and that while the latter have responded not unfavourably since 1970, the former also seemed likely to drop their earlier intransigence when in 1974 they picked up and did not (as previously) discard, gifts dropped in their area. The fact that the administration has taken up the question of learning the Jarawa language is a happy sign of the change in policy.

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6. 2.55 Home Affairs

Deptt. of Agriculture

The Committee stress that care should invariably be taken not to encroach on the land traditionally occupied by the tribes nor to interfere in forests which are the source of their livelihood. There is plenty of room in the Andamans for developmental work to be undertaken without unduly disturbing the tribals in their natural habitat. It would only be by means of patient and truly sympathetic dealing with them that they can be won over to the idea of coming to terms with what we normally call 'civilization'. In this task, the

Committee are of the view that Government should, by a special effort, enlist the cooperation of dedicated social workers, ready to brave exacting conditions of life and work. One laudable case of such cooperation has come to the Committee's knowledge, but the task requires a team of the right type of persons who would go to the islands and live and work in a truly missionary spirit.

7 2.56 Home Affairs
Department of Agriculture
Department of Health

The Committee are keen that all possible efforts should be made to improve the medical services so that the terrible possibility of any of the tribes dying out can be prevented. The number of Andamanese is stated to have risen, since 1947, from 19 to 24, but this is not good enough. They as well as other tribals have to be rescued from the clutches of diseases that 'civilization' had brought them. If the Andamanese (whose number appears still to be precariously low) are content with life in Strait Island where they have ostensibly been taken in 1969-70 in order that they might survive and improve, the matter may be left there, but if it is found, on deeper thought, more humane to let them live in their original habitat and in an environment of their choice, it should be done with great care and sympathy. The Committee are doubtful if methods of segregation are at all helpful and wish that this issue is examined authoritatively and appropriate decisions taken. Wherever attempts at persuading the tribes to adopt a comparatively settled economic life by working on small coconut and other plantations or in such con-

genial occupations as fishing are successful, they should, with great sensitivity and caution, be proceeded with.

8 2.57 Home Affairs
Department of Agriculture
Planning Commission

The Committee regret that in the First Five Year Plan there was no provision for the welfare of the tribes in the territory, that in the Second Plan only Rs. 0.464 lakhs out of an outlay of Rs. 1 lakh were utilised. that in the Third Plan, no more than Rs. 4.296 lakhs as against the outlay of Rs. 6.500 lakhs were spent, and that during 1966—68, an expenditure of Rs. 1.675 lakhs was incurred in the Annual Plans against the outlay of Rs. 5.027 lakhs. It appears that in the 4th Plan also nine schemes involving expenditure of Rs. 6.090 lakhs were undertaken but no more than Rs. 5.423 lakhs could be spent. What irks the Committee is that a large proportion even of such inadequate expenditure went towards the payment of salaries and allowances, a fact commented upon by the Estimates Committee (vide 43rd Report 5th Lok Sabha). It is understandable that in the absence of an adequate infrastructure, productive expenditure of allocated funds becomes difficult. The Committee feel, however, that this is a lag which should have been overcome earlier and trust that in future such deficiencies will be overcome.

9 2.58 Home Affairs
Department of Agriculture
Shipping and Transport
Department of Health

The Committee find that not only for the tribal population but for all who reside in the region, the communications problem is acute. The several hundred islands have perennial sea roads but very few vessels to ensure communication. A well thought out instrument on varied forms of shipping seems urgently called for. The Committee Study Group saw for instance a village where there

was just one compounder and any one falling gravely ill had to be taken to Port Blair two or three days journey away, and in the case of the tribals there was the further trouble that, even if willing for transportation, they might not get accommodation in the steamers plying. In spite of the Estimates Committee in their latest report asking for an Extension Centre to be set up in the islands by the All India Institute of Medical Sciences, all that the Public Accounts Committee could elicit was that in Little Andamans there is one doctor and a compounder and that a lady medical officer has also been posted. The Rehabilitation Departments' proposal to set up a 30 bed hospital and in due course a chain of dispensaries one catering to every 200 families awaits sanction. The Committee urge that these and all possible ameliorative schemes should be implemented without delay.

10 2.59 Home Affairs
Department of Agriculture
Department of Culture

The evidence of the Director of the Anthropological Survey indicated that Onges and Andamanese were sometimes found "hanging around" jetties and begging for food from the settlers. The Committee trust that the position has improved. Government stated during evidence that the Andamanese settled on Strait Island, were given free rations and other necessities and were also provided with seeds and seedlings so that they could settle into elementary economic activity. At Dugong Creek, there appears to have been set up a coconut plantation and fishing facilities for the Onges. A consu-

mers' cooperative stores, functioning at Hut Bay is also said to help Onges market their honey and dhup resin. Assistance is reported to have been given to the Shompens in a similar way. The Committee welcome such steps and wish they are followed up always in a way that tribal susceptibilities are not hurt.

11 2.60

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The Nicobarese are from all accounts comparatively advanced and development blocks are said to be functioning well at Car Nicobar and Nancowary, with special stress on the improvement of agriculture and animal husbandry. Demonstrations on improved methods of raising coconut and areconut in plantations are known to have been held. For stepping up housing facilities, building materials have been supplied to the Nicobarese at Port Blair rates. The Committee have learnt also of improved poultry practices introduced there. However, this apparently pleasant picture is disturbed by the fact of economic exploitation which has been commented upon by the Estimates Committee (para 4.85 of 87th Report, 5th Lok Sabha) and will be discussed later in this report also.

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12 2.61

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The Public Accounts Committee share the anxiety of the Estimates Committee on this score. The Committee's Study Group have also reported their unhappiness at the hierarchical authority (through the system of 'captains') reportedly exercised by certain Nicobarese leaders and the power they have over the entire tribe, power now augmented by their grip also over the amenities introduced by the administration. The Nicobarese are a hardy, gifted people who are an asset to the entire country and must not continue to

13 2.62 Home Affairs

Department of Agriculture

Education, Social Welfare and
Culture

live under such undesirable constraints. The Committee are of the view that in the context of the country's present-day aspirations for rapid development, special attention should be directed towards an understanding of the socio-economic situation of the Nicobar islands and a fuller utilisation of their potentialities.

An important aspect of tribal welfare is the problem of educational and social needs. A worker of Bharatiya Adimjati Sewak Sangh is said for some years to have been living and working among the Andamanese in Strait Islands. Plans for the construction of living quarters for some 30 families, a community hall, maternity and Women's Centres, are proposed to be undertaken. A 'Balwadi' has been started for the Onge children. The Estimates Committee in their 43rd Report had recommended that social Service organisations of proven merit, and genuinely dedicated to the cause of tribals, might be persuaded to take part in welfare work in the Islands. That Committee, after observing that nothing had been done on such lines over the years, had, in their 87th Report (1975-76) urged Government to approach organisations like the Ramkrishna Mission again without delay. The Committee feel strongly the imperative necessity of getting a truly devoted band of social workers recruited from the youth of India to work among the tribals and help them to cooperate in evolving a new free life for themselves. The so-called hostile tribes should also be gradually brought within the purview of such work. The Committee have every hope that given the will

such noble and necessary tasks can well be undertaken by our people.

14 2.63 Home Affairs
Department of Agriculture
Department of Culture

The Committee are glad that an Advisory body has been constituted, comprising the Chief Commissioner of the Andaman and Nicobar Islands, the Joint Secretary, Tribal Development in the Ministry of Home Affairs, Director, Anthropological Survey of India, a representative of all India Institute of Medical Sciences and a well known Anthropologist to advise the Chief Commissioner in matters relating to the tribal population. The Committee hope that the Advisory Committee which had visited the Islands in February 1976 have been able to formulate a clear-cut programme to be followed in this regard. The Committee would urge the Advisory Committee to submit its report soon, if it has not been done already, and ask Government to undertake follow-up action without delay. The Committee expect that the recommendations of this body would focus attention meaningfully and effectively on the precise problems and difficulties of all tribals (and not one tribe alone viz. Andamanese which seems to have belatedly come for specific consideration in the Fifth Plan) in the correct ecological and sociological perspective. There should be no further delay in the country's advance towards the implementation of our national policy on the lines that Jawaharlal Nehru had, with his wide humanity and imaginative sympathy with our retarded fellow-human beings, laid down luminously some twenty-five years ago.

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15 3 22 Department of Agriculture
Home Affairs

The forests are by far the richest natural endowment in the Andaman and Nicobar islands. A unique feature of these forest is

their immensity and a sort of pervasive presence in which one feels humble and wishes it to be always there and never tampered with. In the Andaman group which once had a sparse indigenous population, dense forests covered the entire land surface from the edge of the sea right upto the crest and ridges of the hills. Many tropical forests elsewhere have been fragmented, but in the Andaman and Nicobar islands, the forests which can still be called primeval are a mighty and awe-inspiring sight. Out of the total land area of 8333 sq. km. the forests thus occupy 7467 sq. km. about 90 per cent. Forestry activities on an organised scale are at present restricted to the Andaman group of islands the Nicobar forests having had only a preliminary survey. Extensive clearances, however, have been made especially around Port Blair and contiguous sites in order to facilitate settlement and agricultural expansion. Until recently these clearances had been confined to the South Andamans, but during the last 20 years or so deforestation has proceeded also in selected valley lands and coastal flats carrying dense forest strands in the Middle and North Andamans, Little Andaman, Katchal and Great Nicobar Islands, for the same aforesaid purposes. The Committee are happy that at the instance of the Prime Minister a multidisciplinary Study Team has looked into the problem of the impact of deforestation on environment. The Committee endorse the view of the said Study Team that while remaining alert to the changing needs of the times very careful thought has to be given to the eco-biological factors of the situation and the capabilities of

forest land to serve a particular land-use programme. The Committee trust that the Andaman administration would avoid short-sighted actions that threaten to reduce the importance of what is called resources utility as well as the environmental stability of a truly sensitive region.

16 3.23 -Do-

The Committee note also the information brought to light in the report of the Study Team about the nonutilisation of forest resources. It appears, for instance, that though the idea had been to base forestry operations almost entirely on selective exploitation of the readily accessible areas, vast areas of virgin forests in the Nicobars as also in Little Andaman await utilisation of the same criterion.

17. 3.24 -Do-

The Committee find that the Report on Land Use in Andaman and Nicobar Islands by the consultants of the International Union for Conservation of Nature and Natural Resources has emphasised the need for conservation forest resources and has observed also that the economy of Andaman and Nicobar Islands has to be based on forestry and forest products if severe damage to the island environment is to be avoided. The Committee hope that in the light of the findings of these two expert Committees, Government would judiciously utilise large areas still lying untapped in the islands but also very carefully ensure that there is no unscientific and excessive encroachment on the island regions forest wealth which must be properly conserved.

18. 3.25 Department of Agriculture
Home Affairs
Planning Commission

The Committee regret that while, inexplicably, no schemes of forest utilisation were undertaken in the First Plan period (1951—56), the Forest Department spent out of its allocation of Rs. 93.05 lakhs as much as 80 lakhs on colonisation schemes, leaving a meagre 13.05 lakhs for expenditure on forest work. During the Third Plan forest development expenditure increase somewhat to Rs. 41.39 lakhs. The Fourth Plan expenditure on this account amounted to Rs. 71.89 lakhs. The provision in the Fifth Plan is considerably larger, namely, Rs. 475 lakhs, the figure including Government's equity share capital contribution to the proposed Forest Development Corporation. From the perusal of the Annexures to audit paragraph the Committee find that there has been persistent shortfall in plan expenditure on forest development from year to year. Even the execution of some of the schemes taken up during 1974-75 lagged behind. For example, survey and demarcation of reserved and protected forests was planned at the rate of 50 km. per, year but only 40.65 km. was demarcated and surveyed. Similarly, the raising of cane and bamboo was planned for 60 hectares per year, but plantation was raised in a total of 60 hectares only. The Committee would like to know the reasons for such shortfall and the steps, if any, to prevent such recurrent failure. The Committee stress the need for prudent and efficient utilisation of plan allocations with a view to achieving the targets of advance. Forests are the main prop of the economy, and indeed, of the life of the island. It will be a pity if even the allocated funds are not put to the best

use. Forestbased industries provide employment to more than 60 per cent of the islands' work force. A large proportion of the revenue also accrues from the forest receipts. In addition to the direct revenue generated, forest department can contribute effectively towards a concomitant growth of the economy and increase of the income of the State. The Committee would strongly urge that the forest development schemes should be carefully reviewed and capably and thoughtfully executed keeping constantly in view the overall and somewhat character of the problems of development in the islands. In later sections of the chapter the Committee deal with certain specific aspects of forestry activity like Timber extraction, Mill operation, Trading activities and gainful employment of equipmental stores.

19 3.80 Department of Agriculture
Home Affairs

The Committee note that out of more than 100 main species of trees available in the Andaman Forests, only about 40 have been so far found to be commercially useful and marketable and these species constitute about 25 to 30 per cent of the standing crop. Thus, on an average about 70—75 per cent of the standing tree crop does not appear to have any marketable use. These 70—75 per cent consist of (i) hops, tops and small timber of commercial species and (ii) species that are considered non-commercial. Because of the prohibitive cost involved in the handling and transportation of the wood of the first category to the mainland and even its limited utility as fuel, it may not be practical for sometime to come to make any gainful use of such trees. It appears also that the efforts so far made for utilising the remaining species of timber available in these

forests have not proved successful on account of the peculiar and difficult situation of these forests. No serious attempt, however, has been made so far for the upgrading by scientific treatment of the timber species which are at present considered not marketable. The utilisation of the various components of the timber treatment plant noted in paragraph 3.45 appears to have been inadequate. Since more than three-fourths of the available species have at present no marketable use, the Committee feel that it might be worthwhile to make a more careful assessment of the possibility of finding proper use for some of these species through scientific upgrading.

20 3.81 Department of Agriculture
Home Affairs

The Committee note that the worldwide problem of non-utilisation of a major portion of wood raw material in tropical forests, is at present engaging the attention of the food and Agriculture Organisation, of which India is a member. Some good results might ensue out of its labours, but meanwhile our Government should move in the matter and find out on our own if some of these species could be made useable through scientific grading.

21 3.81 -Do-

Since 1969-70 the quantity of timber actually extracted by the Forest Department has been falling short of the annual target, except during 1974-75. These targets could not be achieved on account of indifferent performance of the extraction equipments and further entry into remote areas. The yearly targets, it appears are fixed after assessing the growing stock of the forest areas, their conversion period and the estimated growth

in the area thus computed. The Committee have taken note of the assurance given by Government that in future care would be taken by them to fix realistic targets keeping in view the various factors such as availability of men and material, condition of equipments, inaccessibility of areas of operation etc. They would like to stress that in the light of the experience gained Government should step up the extraction activities and review their targets of extraction from time to time..

The Committee are surprised at the Department's view that since the quantity of logs annually extracted was consistent with the equipment and labour employed, non-achievement of the target would not have any adverse effect on the financial results of the Department's working. Since, however, there is an element of fixed expenditure in the total cost of extraction, it can hardly be conceded that non-achievement of targets would not have adverse financial implications. Besides, the positioning of man and machinery have necessarily to be regulated in conformity with the targets set out. The Committee would thus stress that the fixing of targets is an important and meaningful task and should be undertaken realistically. It was seen, for instance, that while estimating the requirement of additional equipment in 1970-71 the Department had expected an increase in extraction from the existing level of 77,000—79,500 cu.m. to above 1,04,500 cu.m. per year, but in later years they had themselves to fix much lower targets which even were not achieved. This indicates a certain laxity in approach which should be discarded.

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23	3.84	Department of Agriculture Home Affairs	The Committee would ask government to locate the various reasons for non-achievement of targets and to find out whether such failure was unavoidable or could be prevented by proper pre-planning.
24	3.85	-do-	The Committee observe the equipment and elephants acquired at a cost of Rs. 3.5 lakhs as part of additional equipment for increasing the extraction of timber during 1970-71 was merely treated as replacement and did not contribute to the achievement of desired objective. The Administration has given the plea that the scheme of additional extraction became ineffective because of the stay order given by Calcutta High Court against revocation of the licence. The Committee have elsewhere in this report (Paras 3.268 to 3.27) commented on the negligent way in which the administration had moved in the matter of the revocation of licence. But it should have been obvious to the Administration that there was no chance of revocation and hence it was impossible to expect additional extraction from the North Andaman Islands. If the feasibility of acquiring this additional area had been properly assessed they would not have gone in for such additional expenditure—which ultimately turned out to be merely replacement for the existing equipment. If the real intention was replacement, a misleading picture should certainly never have been given.
25	3.86	-do-	The Administration has pointed out that though the schedule for replacement of old extraction equipment is prepared after

taking into account the estimated economic life of the equipment, it is not generally possible to procure the machinery in time on account of budgetary constraints, foreign exchange difficulties, procurement formalities, transport difficulties etc. and above all the tendency to allow the procurement only after the old equipment has been completely written off. The Committee are constrained to observe that even though the equipment plays a very important role in the extraction of timber and the deteriorated condition of the equipment was responsible for non-achievement of yearly targets, factors of the type mentioned above are allowed to come in the way of timely procurement of new equipment required either for replacement of old worn-out items or as additional items for increasing the tempo of extraction activities. Though the amount involved is small, the Committee would strongly urge Government to take suitable steps for the removal of these avoidable difficulties and ensure that the extraction programme of the department is not adversely affected.

281

26 3.87

-do-

The Committee note that only 40 per cent of the total volume of wood in the felled trees is extracted and there is, as a result, considerable wastage and increase in the cost of extraction. The Committee also find that the cost of timber extraction has been increasing year after year. The Department, however, does not work out the cost of extraction of timber at various points of disposal and is merely content by regulation of the actual costs of different operations like felling, logging, rafting, transportation, milling etc. They have also, it appears, certain practical difficulties

27 3.88 Department of Agriculture
Home Affairs

in working out cost of extraction at different disposal points. While non-unmindful of such difficulties, the Committee feel that since price ultimately realised by the sale of extracted timber, both in the island as well as in the mainland, has to be linked with the cost of extraction, the Department should regularly work out the estimated cost of extraction at the time of preparing annual budgets.

It is a matter of concern that the cost of logs upto various delivery depots and also the average ex-mill costs and ex-depot costs at Howrah and Madras have shown continuous increase since 1969-70. there having been only a slight improvement in the year 1974-75. This, as admitted by the Ministry itself, has been on account of a change in the accounting procedure. The Committee stress the need of reducing the cost and making sure of the proper utilisation of forest wealth. This aspect should be thoroughly examined and suitable steps taken so that heavy losses being incurred as at present can be avoided. The figures of the cost of extraction furnished by Audit as also subsequently by the Department, based on Proforma Account would indicate that the Department could, with a little effort, estimate such costs at the time of preparation of the budget itself, and then proceed in a more efficient and business-like way. The Committee would also like Government to evolve some procedure in consultation with Audit whereby costing at each stage of operation could be worked out in the existing system of accounting and budgeting. This

would facilitate the Government to exercise effective control on the actual cost of extraction of timber at different points of disposal of timber to obviate losses.

The Committee find that the Andaman Forest Department had to incur an additional expenditure of Rs. 90,000 on the extraction of 6,000 cu.ms. of timber on account of a re-invitation of tenders. According to the Audit Report and the facts revealed during evidence, the Department received only two tenders for this job, which were opened on 19-1-1970. The tender of contractor 'A' was for Rs. 41 per cubic meter for hard wood and that of Contractor 'B' for Rs. 43 per cubic meter. The tender of Contractor 'A', though lower than that of Contractor 'B', was rejected by the Department on the ground of "financial instability" and "unsatisfactory performance" against contracts awarded to him by other Government Departments in the Islands. The tender of Contractor 'B' was negotiated by the Department and the rate brought down to Rs. 41 per cubic meter. In August, 1970, the Department recommended to the Ministry of Agriculture for acceptance of the negotiated tender. On 22-2-1971, the Ministry enquired whether financial soundness of contractor 'B' had been verified but was informed by a wireless message dated 3-3-1971 that no such verification had been done. According to a report of the Department, its interests were said to have been fully protected by the earnest money, security deposit, guarantee fees and income tax deduction provisions. The Ministry, however, was not convinced with this plea and felt that this argument could equally have applied also in the case of contractor 'A'. On 13-4-1971, the

Ministry informed the Department that fresh tenders might be invited. Three contractors, including Contractor 'B' responded, but this time the lowest bid of Rs. 56 for hardwood was from Contractor 'C' This was accepted after obtaining the approval of the Ministry of Agriculture and the work completed to the satisfaction of the Department Earlier, the Ministry had received a complaint from the father of Contractor 'A' to the effect that Contractor 'B' was a foreign national and bad character and of unsound financial stability, and had been black listed by the Forest Department. The police enquiries, however, revealed that there was nothing of criminal import found against contractor 'B' in police records and that Government of India had already remarked that the rules relating to foreigners need not be insisted upon in view of the peculiar circumstances of the case. To a question asked by the Committee it was answered that Government was not aware of any relationship between Contractor 'A' and 'C'. A new dimension to this case, however, was added by the Forest Department having first included an additional area of 24 hectares at the time of calling for fresh tenders but subsequently excluding it on the ground that the area was "precipitous, inaccessible and extracts of timber from these would have resulted in soil erosion."

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verify the financial soundness of contractors, it is not clear why financial soundness was cited as one of the grounds for rejecting the tender of contractor 'A'. If the Department's interests could be sought to have been protected by the earnest money, security deposit etc., of Contractor 'B', it is not clear why the Department penalised Contractor 'A' who had also deposited the requisite earnest money and furnished the security deposit under the term of the contract. What is more surprising is that even when the Ministry of Agriculture had enquired whether the Department had gone into the financial soundness of Contractor 'B', the Department contented itself with only intimating that it had not done so. The Committee are also perplexed that an area which was allegedly precipitious and inaccessible was included in the contract area only to be excluded later on. If this area had not been originally included, the Department might well have been able to attract a lower rate for the execution of this job. The Ministry of Agriculture cannot also in this case be complimented for its role in this business. When it transpired that the Department had apparently tried to favour Contractor 'B' without even verification of the financial soundness, the Ministry should have given a clear direction that the tender of 'B' could only be accepted after such verification. Instead of it, the Ministry advised the Department to reinvite the tenders which again did not prove to be a sound proposition. The Committee fear that there might have been some hidden and undersirable interests behind the entire story. The matter requires to be probed thoroughly so that responsibility for the additional expenditure of Rs. 90,000 can be fixed. The Committee would like to be assured that no malafides

were involved at any level in this sorry episode.

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3.117

Department of Agriculture
Home Affairs

The Committee are perturbed to note the continued deterioration over a stretch of years in the operational efficiency of the Saw Mills at Chatham and Betapur in spite of earlier efforts and the Cost Accounts Officer having suggested concrete measures for its improvement. Though the percentage of wastage to intake in these mills is reported to have come down from 60 in 1970-71 to 49.34 in 1974-75, the wastage still appears to be very much on the high side.

31

3.118

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If, of course, the quality of logs fed into the mills is poor the percentage of wastage is bound to increase. But the Committee cannot appreciate why measures have not been taken to improve the quality of logs in spite of precise suggestions to that effect made in 1972 by the Cost Accounts Officer. As for the outmoded nature of the equipment, the Committee would blame the Forest Department itself for not pursuing the replacement programme vigorously and in time. The Study Group of the Committee visiting the Chatham mills have gathered an unhappy but positive impression that the mill was being simply mismanaged. The Committee, would, therefore, re-emphasise their earlier observation in the 96th Report (Fourth Lok Sabha) that Government should take immediate steps to tone up the supervision at the operational levels and rationalise

the scale of operations by installing up-to-date equipment and adopting better management and other techniques.

32 3.119

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The Committee are distressed that it has not been found possible for the Forest Department yet to assess the installed capacity of the two Saw Mills on account of the alleged difficulty of working out accurately specifications of logs to be fed into the main breakdown unit. The Committee feel that while the composition of materials may vary, all the varieties of logs available in the Andamans are by and large known. The past experience and position of extraction should also give some idea to the management about the position of logs to be fed into the mills to arrive at the installed/attainable capacity. The argument of the Department is that the performance of the mill is primarily governed by the total availability of raw materials to be processed. That, however, cannot conceivably stand in the way of the ascertainment of the capacity installed and the production anticipated. The Department has gone further to claim that comparison against the installed capacity was not a true criterion for assessing the performance of a saw mill. The Committee cannot accept what appears an outmoded view and urge that if the performance is to be watched, there must be an assessment of the installed capacity of the mills; this being a key parameter for judging the efficiency of a plant.

287

33 3.120

-do-

The Committee regret that the programme for conversion of circular saws at both the mills with indigenous band saws has not made any headway. It was as early as March, 1970 that the Inspec-

tor General of Forests himself suggested that circular saws in the mills should be replaced early by indigenous band saws. In June 1973, the Ministry informed Audit that important items like break-down units and other valuable parts were still required to be imported, and as such the implementation of the proposal would take quite some time longer. The Committee were, however, informed by the Department that though the order was placed in 1973, the supplier could not supply the machine by 31st July, 1975 and to make the position worse, the date for the supply had been further extended. As far as Betapur Mill was concerned, it was a small mill and catered mostly to the local requirements. The Committee were assured in a note that the Department was being asked to expedite replacement of these circular saws at Betapur and effect overall improvement. However, there has been already a lot of avoidable delay in completing modernisation of the Chatham Mill. In the Committee's views if these mills are to function as a economically viable units, urgent steps must be taken to modernise the mills and replace the existing old and obsolete equipment. The Committee would also stress that simultaneous steps should be taken to modernise and upgrade the management of the Chatham Mill which happens to be "the largest single industrial unit in these Islands and is also one of the largest of its kind."

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34. 3.121

Deptt. of Agriculture
Home Affairs

The Committee regret that the milling cost of logs per cubic metre at the saw mills, already very high, has continued to increase.

The Committee could not ascertain the figures for 1974-75 but the figures of previous years are quite bad enough. This appears at least partly due to the gradual decrease in the quantity of logs fed into the mills for sawing. But when the quantity of timber extracted has shown increase over years the Committee cannot understand how the quantity of logs fed into the mills should have decreased. What is also surprising is that although in the year 1973-74 the percentage of wastage had come down, the milling cost was more than that in the previous years. The Committee would like Government to investigate such anomalies and rectify the position.

35. 3.122

-Do-

The Audit para gives details of logs extracted, disposed of, used in saw mills and closing stock etc. It has been stated therein that second rate logs which were not saleable as such, had to be converted into sawn timber in the saw mills. The Committee would like to know whether this was one of the factors for the increase in the milling cost of logs and, if so, the steps taken to check the extraction of second rate logs.

36. 3.123

-Do-

The Committee regret that during the period 1969-70 to 1974-75, the number of shifts on which the Chatham Mills remained idle ranged between 41-1/2 and 399. The main reason for such idleness is said to have been the operation of circular saw shift in one shift only as against 2 shifts available in a day. The other reasons include lack of adequate steam and water and electricity, and also such big contributory factors as repair and machine difficulties and diversion of labour. The Committee cannot appreciate why diversion of labour had been allowed and can only account for it by the

shortsightedness and inefficiency of the management. The fact that the mills lay idle on account of repairs and machine difficulties also indicates the need for early replacement of the machinery and for adequate repair facilities. The Committee recommend that steps should be taken to check the long proliferating weaknesses of Chatham Saw Mill for which at one time so much was rightfully expected.

37. 1.388

Deptt. of Agriculture
Home Affairs

It is unfortunate that substantial quantities of extracted timber represent second-rate logs and are not saleable in the form of logs to the ultimate consumers. These second-rate logs, it appears, have to be converted into sawn timber before sale. The quantity of logs thus taken for sawing represented 44 per cent to 47 per cent of the total logs extracted every year. This seems to the Committee to be the main reason for the unprofitable character of the trading activity of the Forest Department. The question of improvement in the quality of logs was gone into by the Cost Accounts Officer and he had suggested a number of measures to improve the quality of the logs, and those recommendations were accepted by the Ministry. If the percentage of logs sold through Howrah and Madras Depots to the total quantity of timber extracted, however, is any indication the Committee do not see any improvement having taken place since. Attention needs to be drawn to the 96th Report (4th Lok Sabha) of the Public Accounts Committee, where they had impressed

upon Government the need to evolve a scientific procedure for gardening, storage and transportation of logs and for adequate supervision at all stages. The Committee ask Government urgently to review their methods of logs disposal so that, until such time as wood based industries are properly developed on the Island, the maximum quantity of logs can be sold in the mainland.

38. 3.189

-Do-

The Committee note that the then Ministry of Commerce & Industry decided in July 1951 to supply plylogs from the Andaman forests to the members of the Plywood Manufacturers Association of India and the Plywood Manufacturers Association of West Bengal on the basis of quotas fixed by the Ministry of Agriculture. The supply continued to be made till 1967. No agreement in this regard, was entered into either with the Associations or the individual members, and the Ministry is unable even to find out the reasons, why it had been decided that no agreement was called for.

291

39. 3.190

-Do-

Although the Plywood Manufacturers Association of India and the Plywood Manufacturers of West Bengal were required to deposit the sum of Rs. 20,000 and Rs.5,000 respectively for each member as security deposit, the amount was accepted directly from the member. In one case, a sum of Rs. 15,000 instead of Rs. 20,000 was accepted. A sum of Rs. 1.54 lakhs thus was out standing from different members at the time when the scheme of supply to the members was discontinued i.e. in 1968 in September 1969, the Department informed Audit that the possibility of adjusting the total security deposits against the amount due from some members of the Association was under consi-

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deration. In June 1973 the Ministry informed Audit in more definitive terms that the outstanding amount would be adjusted against the security amount deposited by all the members taken together. This expectation, however has been foiled. In reply to a specific query, the Committee have now been informed that as the members had furnished the security deposit in their individual names and not in the name of the Association, it was not possible to recover the dues of one member from the security deposit of another member.

40. 3.191

Deptt. of Agriculture
Home Affairs

The Committee are distressed at the manner in which the whole transaction has been handled right from the beginning. It is not clear why a formal agreement had not been entered into with Plywood Manufacturers Association. Common prudence required such an agreement particularly when the value of supplies made to individual members at a particular point of time were not restricted to the security deposited by them. The Committee can only ask Government to learn at least from this experience and be more careful in future.

41. 3.192

-Do-

It is somewhat gratifying to learn the latest position which is that against the outstanding dues (Rs. 1.28 lakhs) from individual parties. their deposits amount to Rs. 2.15 lakhs. The Committee would like expert legal opinion to be taken in the matter and the outstanding dues realised early. The Committee would also like to know

the precise steps taken from 1967 onwards for the recovery of the outstanding amounts. If nothing concrete has been done in that regard, the Committee would like the matter to be thoroughly investigated and responsibility fixed.

42 3.193 Do

The Committee are constrained to observe that they are not happy over the casual manner in which replies are given to important points raised by Audit. They would strongly recommend that the circumstances in which Audit was wrongly informed in 1973 about the adjustment of outstanding dues from the security deposits of all the members taken together (when this was not possible), should be investigated and responsibility fixed.

43 3.194 Do

The Committee note that a portion of timber extracted every year is transported to the two depots (Howrah and Madras) on the mainland, in the form of logs and sawn timber, for sale. There has always been some difference between the quantity of timber despatched from the island and that received at the mainland. The Forest Department attributed the difference to variety of reasons such as the absence of tallying and difference in the record of measurement. Another reason stated was that the loading is done in hatches, and if it is a completely filled hatch, then it is sealed, if it is not a completely filled hatch other cargos are also allowed. The value of quantity shortlanded amounted to Rs. 1.32 lakhs during 1969-70 to end of December 1974.

44 3.195 Do

No serious thought appears to have been given to this chronic problem till July 1975. The Department seems even to have been

complacent because, according to them, the quantity shortlanded was negligible. Only from July 1975 (presumably after the P.A.C. had taken up the matter for examination) the Department has decided (i) to fix metal tokens to logs before their shipment to facilitate tallying at Calcutta and (ii) to despatch logs consignee-wise in separate hatches to avoid mixing up at the unloading points. The Committee expect that with these new measures, shortlandings would be avoided.

45. 3.196 Deptt. of Agriculture/
Home Affairs

The Committee regret the absence of any formal agreement with the carriers, with the result that responsibility in the matter of recovery of the value of logs and sawn timber shortlanded is a point of dispute. This is yet another instance where the Andaman Forest Department entered into an arrangement with a party without formal agreement. The Committee would like Government to investigate why such lapses occurred and to remedy the situation.

45. 3.197 Do.

The Committee were at one stage informed that after examining all aspects of the matter it had been decided to write off shortlanded where fixation of responsibility was not possible. But presumably after the Committee had taken up the matter, the Ministry of Agriculture thought it fit to advise the Andaman Administration to obtain legal opinion on the issue. The Committee would like the Administration to pursue the matter further and if it is found that there was negligence on the part of the Forest Department responsibility must be fixed and all necessary remedial measures taken.

the harbour facilities and the utilisation of existing shipping facilities would improve. The Committee, however regret to note from the figures of the targets of export and the quantity actually exported that there was shortfall in the quantities exported during 1969-70 to 1972-73.

50.

3.201 Deptt. of Agriculture
Supply & Transport;
Home Affairs

As regards the failure to convert "M. V. Nicobar" into a full cargo ship due to small hatch opening and limited derrick capacity, the Committee are constrained to point out that in reply to their earlier recommendations on the subject, the Ministry had not placed the correct facts before them in 1969 in regard to "M. V. Nicobar" being used for transporting timber logs to the mainland after its conversion into a cargo ship. Audit has pointed out that the two vessels made available by the Shipping Corporation of India, in addition to "M. V. Nicobar" and "M. V. Shompen", were also not capable of carrying timber logs because of small opening and the hatch and derricking. The Committee deplore the desultory to manner in which the problem of shipping facilities has been dealt with by the Forest Department. It is surprising that it was not before 1973 that the Ministry of Transport and Shipping made a detailed study of the problems faced in the export of timber to the mainland. Efforts, it is learnt, are still being made to procure an additional timber carrier. The Committee would like a more earnest approach of Govt. in the matter and better expedition in work.

than what it could fetch in the mainland. The Committee, therefore, do not feel convinced of the justification given for the sale of match logs to private parties in the Islands at below cost. They also do not accept the manner in which the cost is worked out on a rather hypothetical basis for the purpose of fixing the price for the sale of logs to these parties. It is surprising that no cost-benefit analysis has been carried out in respect of the profit and loss of WIMCO factory at Port Blair. The Department should have known the capacity of the match-wood factories to bear the extra price. The Department should also realise that if they are dependent on these firms for the sale of match logs, these parties are also in turn dependent upon the Department for the supply of these logs. When the Department is losing heavily in the sale of these logs (if full elements of cost are taken into account), an attempt should have been made to find out the extent to which these industries could have been asked to pay extra so that the administration's forest operations could be economical.

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Department of Agriculture/Commerce/
Home Affairs

The Committee are informed that while no timber or timber products from the Islands have been directly exported to foreign countries by the Forest Department, the private industries operating in the Islands have been exporting large quantities of timber products from out of the produce of their factories in the Islands, to neighbouring countries. Apparently the export trade is considered profitable by these industries, while Government appear not even to have contemplated the export potentialities of Andaman timber or timber products. While the problem of recurring and heavy

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56	3.223	<u>Deptt. of Agriculture</u> <u>Home Affairs</u>	<p>losses in the working of the Department should be appropriately tackled, the Committee would like serious thought to be given, and early action taken, to the export through State agency of Andaman timber and timber products.</p> <p>The Committee find that the Forest Department had 21 tractors (including 5 second-hand tractors purchased from the Department of Rehabilitation and 8 Locomotives for hauling timber, etc. Of these 6 tractors and one locomotive were declared unserviceable and were disposed of in May 1975 for Rs. 12,005/- Another 4 tractors are stated to have been declared unserviceable and are awaiting disposal. The Committee are surprised that details of individual equipment in regard to date of purchase, original cost, depreciation charged etc. were not maintained, with the result that loss incurred or profit made on their disposal could not be ascertained. The Committee recommend that suitable subsidiary records in the form of Assets Register should be maintained to record these details.</p>
57	3.224	Do.	<p>It is disturbing that out of 2 tractors (against 5 purchased from the Department of Rehabilitation and declared uneconomical for further use), one tractor did not work at all since the very date of its purchase i.e. from January 1966 to July, 1973 and the other tractor worked for only 958 hours and that too after major repairs. The third tractor which also did not work at all is being technically surveyed. It is strange that before transferring such old and un-</p>

serviceable tractors neither the Department of Rehabilitation nor the Ministry of Finance cared to consult the Ministry of Agriculture and the misgivings reported to have been expressed by the Andamans Forest Department were ignored. What is even more surprising is the fact that the terms of this transaction were not spelt out in advance, with the result that a clear discussion was not available as to whether the Forest Department was to pay hire charges or book value. It was only in May, 1968, that a debit against the Andamans Forest Department for the book value and transport cost was raised. The Committee feel that Government should not somewhat carelessly have saddled the Forest Department with tractors which were both old and unserviceable. The Committee recommend that responsibility should be fixed for this unpleasant transaction.

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58. 3.225

Do.

A review of the status of the equipment was undertaken by the Andaman Forest Department in 1972. As a result of it a phased programme was drawn up for replacement of the equipment and some specified funds were demanded by the Forest Department. After all this high sounding business, the Committee however find that as against the requirement of funds of Rs. 236.82 lakhs, Rs. 22.10 lakhs, Rs. 37 lakhs and Rs. 18.65 lakhs demanded in 1972-73, 1973-74, 1974-75 and 1975-76 respectively, the funds allotted were Rs. 5.56 lakhs in 1972-73, Rs. 5.50 lakhs in 1973-74, Rs. 12.00 lakhs in 1974-75 and 11.00 lakhs in 1975-76. Earlier in para

3.25 the Committee have drawn attention to surrender of funds *vis-a-vis* annual budget. In the light of that the Committee cannot but deplore the starvation of the Department of good equipment.

59. 3.226 Deptt. of Agriculture
Home Affairs

As regards the stores material, the Committee are perturbed to note that barring the year 1974-75, purchases of stores have always exceeded the consumption requirements during each of the years 1969-70 to 1973-74. It is no doubt true that because of locational disadvantages and the non-availability of spares and consumable stores in the Islands it is essential to procure stores in bulk from the mainland. But this should have been done on some rational basis. The Committee would like the Forest Department to keep a constant watch on their inventory of stores.

60. 3.234 Do.

The Committee regret the manner in which the question of simplifying and rationalising the proforma account has been dealt with by the Ministry in spite of their recommendations made as early as in 1970. While the report given by Cost Accounts Officer in this regard was still under scrutiny, another study team was appointed in 1971 to examine his recommendations and this team recommended that the Forest Department, with the exception of the Saw Mill, should be treated as a Service Department. The Ministry of Agriculture agreed with the views of the Study Team on the plea that the change in the accounting system would help in the optimum

development of forest resources and accelerate the economic development and rehabilitation of these Islands. The Committee are surprised at the facile way in which the Ministry have proceeded in this matter. No serious thought appears to have been given to the view of Audit that a proper commercial accounting system, far from being a hindrance to the optimum development of forest resources should help evaluation of the working of a Department which, in addition to maintenance and regeneration of forests has also been entrusted with the task of their commercial exploitation.

61. 3.235 Do.

The Committee are not happy over the delay in the preparation of these accounts. If these accounts are to serve as a tool for proper control over the activities of the Department, they should be prepared in time. The Committee would like the Ministry to have the backlog cleared immediately and to ensure that the accounts are prepared soon after the close of each financial year.

62. 3.247 Do.

The Committee have already, elsewhere in this report, dealt at length with the various factors contributing to the loss incurred by the Andaman Forest Department year after year. Reference should be made once again to the clear finding of the Cost Accounts Officer that "the existence of the Forest Department in the Andaman and Nicobar Islands is justified only as a commercial venture" and also that 'it was possible to run the Department on commercial lines and earn profits'. The Cost Accounts Officer had further observed that the trading activity of the Forest Department should be so organised as to pay for the forestry functions besides

giving a return on the capital invested. The Study Team which was appointed by Government to study the accounting procedure followed by the Andaman Forest Department had recommended that the entire Forest Department should be declared as a Service Department as on the mainland and only the Saw Milling activity treated as a commercial activity. The team, however, had made a number of suggestions for achieving a better return on the trading activities of the Department. The Committee cannot see how the sale of timber on the mainland and on the island to private factories can be treated as an activity with no commercial angle to it. Of course, pure forestry activities and the involvement of the Department in such activities as clear felling for rehabilitation cannot be treated as commercial. But this only calls for exclusion of the costs of promotional and developmental work of the cost of timber. The Committee suggest that this may be worked out in consultation with the Comptroller and Auditor General so that there is no scope for doubt about the commercial character of the activities of the Department.

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63.

3.268

Deptt. of AgricultureHome Affairs

From the facts hereinbefore stated, the Committee do not feel convinced of the justification for Government entering into a long term agreement with a private party for exploitation of the North Andaman forests. If in spite of all the resources at its command Government was hesitant to take up the exploitation of forests in this area, there seems no reason to expect that a private party could

do the job adequately. If Government had any such expectation, it has been belied by all that has happened. The Committee trust that Government will learn a lesson for the future from this experience.

64. 3.269 Do.

The Committee regret that having entered into an agreement, Government did not take proper steps to ensure its implementation by the private firm. On Government's own admission, the said firm could not accept the timber-extraction target right from the outset, on account of their own shortcomings like financial instability and lack of adequate equipment. Government, however, never thought of any drastic action till 1961 when the defaulting firm chose to go in for arbitration. On the other hand, even supplemental agreements were entered into successively with the firm on 6-10-1953, 20-10-1956 and 23-4-1958. The agreement was not terminated till December 1968 i.e. after a period of more than 17 years, although there was provision for its termination in the event of failure on the part of the firm to pay its dues within a period of 12 months. The Committee would like Government to ascertain whether there were any tenable reasons for allowing an unduly long time to the firm to fulfil their contractual obligations in spite of their repeated failures and the sorry experience of arbitration proceedings. This is necessary for not only punishing those at fault in this case but also for taking remedial measures to ensure that such default does not recur.

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65. 3.270 Do.

The Committee are of the view that if timely action had been taken to terminate the contract as soon as persistent failures were

noticed on the part of the private firm, huge amounts would not have accumulated against them and the possibility of the departmental working of these forests could have been considered. This delay has proved very costly in as much as Government have not been able to realise adequate revenue even on the timber actually extracted by the private firm, not to speak of other benefits provided for in the agreement in the form of royalty on shortfall in extraction.

66 3.271

Department of Agriculture
Home Affairs

The Committee are also unhappy over the manner in which the arbitration cases have been pursued. It is distressing to see that the proceedings in the first Arbitration started as far back as in July, 1961 in the case of the contracts with the North Andaman Licensee and dragged on for over 5 years before reaching any thing like finality, in spite of the time limit of 4 months provided in law for the completion of arbitration. The other three arbitration cases still pending settlement have taken as much as 6 years to 12 years the Fifth Arbitration case was disposed of after 4 years. The Committee fail to understand the rationale behind the provision in the law of a limit of 4 months for the completion of arbitration when the actual time taken could be as long as 12 years. The Committee would like the Ministry of Law to examine this aspect thoroughly in consultation with other Ministries who actually have to go in for arbitrations or have to face arbitration proceedings in cases of agreements with private firms in order to amend the law suitably. The Com-

mittee repeat that the mere provision in law of something which cannot be enforced in practice hardly carried any meaning. This present case assumes importance because although the agreement was cancelled in February 1968, the disputes which had already arisen appear paradoxically to be capable of being settled only by arbitration.

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| 57 | 3.272 | <u>Department of Agriculture</u>
<u>Law</u>
Home Affairs | In this distressing story, Government has repeatedly suffered loss. In the first arbitration case, Government's claim for royalty on shortfall of extraction was not upheld. As the arbitrator's award gave no reasons, Government could not even find out why their claim was rejected. It will be strange if Government really find itself so helpless in such cases. The Committee would like Government to make up its mind and amend the law in such a manner that it would be obligatory on the arbitrator to give reasons for his award. Meanwhile, it should be ascertained whether in an award which sets out no reasons the aggrieved party have no remedy whatever. |
| 68 | 3.273 | Do. | The Committee find that even the amount awarded in favour of Government has not been fully recovered so far on account of certain alleged complications. The fate of three of the arbitration cases is yet to be known. The final position in regard to the realisation of the balance due in the first case and the awards in the remaining three cases should be intimated to the Committee. |
| 69 | 3.274. | Do. | It would appear from the dispute arising in these cases that the agreement entered into with the contractor was <i>ab initio</i> defective. |
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It is usual in the case of big contracts to provide for appointment of arbitrators, but peculiar that in this case there was provision for appointment of arbitrators by both the parties. One consequence of the provision of appointment of arbitrators by both the parties was that it was not always possible to synchronize the appointment of arbitrators by both the parties with the result that there were delays in settling the case. The representative of the Ministry of Law conceded during evidence that there were some disadvantages in having a dual arbitration clause. The Committee desire that in view of the experience in this case, Law Ministry would issue suitable instructions for the guidance of all Departments. The Public Accounts Committee had in their 74th Report recommended that those found responsible for various lapses in connection with the drafting of the agreement should be penalised. Government's reply was that the case for initiating disciplinary proceedings had been considered by Government, in consultation with the Central Vigilance Commission but that no action was unfortunately possible against such officers at this distance of time. Though this reply had been accepted by the Public Accounts Committee in their 96th Report, it is desired that the appropriate lessons are drawn from this experience and that Government does not suffer similarly in future.

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with a contemporary trend that a Forest Development Corporation is being proposed for the Andaman & Nicobar Islands. The Committee, however, do not feel that the issue has been comprehensively examined. The main justification for the step seemed to be the comparatively easy availability of institutional finance to such a Corporation and hence a certain assurance about the supply of funds needed for work on the forests. It appears, however, that State Electricity Boards often function successfully without loan assistance from the established financial institutions such as the I.D. B.I. the nationalized Banks etc. Another argument heard by the Committee was that the existing institutional arrangements stood in the way of efficient forestry on account of certain rigid rules and procedures which militated against the management of forests as a commercial enterprise. While this may be true within limits, the Corporation would have in any case, to be initially manned by staff from the Forest Department, and a mere change in the organisational form cannot *ipso facto* transform its working. In fact, the performance of the Forest Corporations even in the more advanced States in the mainland does not seem, from Audit reports, to be particularly cheerful. The Committee cannot also overlook the advantages accruing from departmental performance of commercial operations provided only it is done capably and conscientiously. In the Andamans, specially, the Department is reported to be technically well equipped and at the same time involved in the tasks of looking after the forests as very much more than a commercial proposition. The Committee have serious misgivings about

a Corporation personnel predominantly motivated by commercial considerations and run on business principles in a region such as the Andamans. Meanwhile, the marketing of timber and other forest produce in the local and mainland markets is by no means difficult because of the fact that infrastructural facilities are already available. However, the shipping arrangements, the forest roads and the extraction equipment are still highly unsatisfactory. The Corporation, in any case, must spend considerable money, to begin with, in order to step up the required facilities. A better working of the Forest Department modestly but seriously embarked upon would perhaps have produced worthwhile results. The Committee have yet another fear about this change. Disparities in the salaries of staff in the Forest Department vis-a-vis the staff of the Corporation might cause avoidable headaches and adversely affect the execution of programmes.

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3.302

Deptt. of Agriculture
Planning Commission

Since the setting up of the Corporation appears certain, Committee would ask Government not to be unmindful of the special responsibility now devolving on it. In the name of the commercial exploitation of the forest wealth of the islands, certain abiding values to be kept in mind while working in a unique region like the Andamans must not be overlooked. It is fashionable these days to speak of ecology, but ecological considerations assume tremendous importance in such a region. Commerce cannot and must not be the sole, nor even the dominant. motive in forestry or any other

work in the Andamans. If, for instance, the interests of tribal welfare require it, a halt might be called to forest operations even where lucrative results are assured. As the Committee have repeatedly implied in this report, work in the Andamans must as far as possible, be done by people who have a feel for the islands and their indigenous occupants, a sense of India's responsibility for a highly valued and extraordinary element in her own varied make-up. For such people, a commercial corporation would not be perhaps as congenial as a regular Government department.

The Committee are glad that at least territorially the Corporation will not, when set up, duplicate the work of the Forest Department, the latter continuing in the South and Middle Andamans while the former would function in the Little and North Andamans. As far as commercial activity is concerned, they would work in their respective areas on the basis of a healthy competition in excellence. In earlier reports the Committee have sought to point out deficiencies in the Forest Department which, it is hoped, will be taken note of both by the Department and by the Corporation which should learn from the former's mistakes. It is a nearly impossible job to work out a sort of golden mean incorporating the best features of public utility as well as commercial undertakings, but the Committee would urge Government to proceed thoughtfully in this matter on account of the special character of the Andamans and conduct forestry operations with an eye not only on economy but on ecology and with the interests of the tribal population always prominently in mind.

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4-28

Shipping & Transport
Home Affairs

A regular and adequate passenger and cargo shipping service from and to the mainland as well as between the various islands is a basic requirement. It has been noted how the Forest Department's losses in timber export had been due to the inadequate capacity of the ships available. The Public Accounts Committee in their 74th Report (Fourth Lok Sabha) emphasised the need for augmenting such facilities. The Study Group of the present P.A.C. also saw how the shipping service, even on the inter-island routes, was entirely inadequate, the remoter islands remaining nearly always isolated. In the Fourth Plan relative to the Andaman & Nicobar Islands, a provision was made for Rs. 233.4 lakhs under 'Port and Harbour'. But no more than Rs. 189.109 lakhs could be spent. Again, under the shipping sector (that is for internal and harbour ferry service) a provision was made for Rs. 81 lakhs, out of which only Rs. 38.76 lakhs could be spent. No wonder that the lack of modern navigational aid and harbour facilities and the consequent impossibility of navigating ships after sun set has come in for criticism even in the Planning Commission's official journal, namely, 'Yojana' to which several references have already been made. So far as the shipping operations to and from the mainland are concerned, the Committee's impression is that the Andaman Administration had under-rated the requirements. The former Chief Commissioner was, during evidence, quite emphatic, however, in stressing the need for augmenting ships on the inter-island routes as well as mainland-island routes.

There are however two snags in this operation. The flight has to have a technical halt at Rangoon because with the type of aircraft now used, it is not possible to have a straight run from Calcutta to Port Blair. This is irksome, since a technical halt at Rangoon requires the passengers to have to collect passports, health certificates and Customs clearances which are not called for in domestic flights. Secondly, on account of the meagre air port facilities at Port Blair bigger aircraft cannot at present fly to the Andamans. Thus, during the peak season many passengers have to forego the air journey or wait in suspense for days before they can get their booking. If bigger aircraft is deployed on this route, not only can the need for a technical halt at Rangoon be avoided but also more traffic can be served by a direct flight, with more fuel capacity, from Calcutta or Madras or even Visakhapatnam. The Committee understand that the I.A.C. has already carried out a test for different short haul jet planes that can operate on this route directly from the mainland and the I.A.C. Board is expected to take a decision shortly. The Committee are, however, constrained to observe that decision in this matter has already been long delayed. Nothing clearly is known yet about whether the existing port facilities at Port Blair could be suitably expanded or a new air port needed to be built. It is urgent that decision on this subject is expedited.

India observed that the construction of 50-bed accommodation at Carbyn's Cove, 32-bed accommodation each at Car Nicobar and Avis Islands in North Andamans and Hutbay in Little Andamans was badly needed. It will also be necessary to acquire fast and modern boats with cabins and lounges etc. in replacement of the existing ill-equipped vessels making available underwater marks with smorkel fine air tanks with regulators, wet suits fishing rods etc. A sum of Rs. 50 thousand for such improvements apart from the allocation of Rs. 55 lakhs for improving tourist accommodation has been estimated by the Survey Team. These proposals are in addition to the proposed outlay of Rs. 22.97 lakhs under the annual plan for 1976-77 under the State Sector for implementation of schemes under Tourism. The programme includes the setting up of a Directorate of Tourism and Publicity with the requisite staff, including an information officer at Delhi and at Port Blair, a liaison officer at Madras and Delhi. The Committee feel that in view of the economic backwardness of the Islands and the urgent need to spend more on education, medical aid and the transport needs of the inhabitants, development of tourism should not be a top priority item. Besides, both the Department of Tourism and the Ministry of Home Affairs have rightly been somewhat cautious in their approach towards this subject. Exposure of the tribal population to the generally pleasure-seeking tourist cannot be permitted without very special precautions having been taken. There was very good reason for the Andaman & Nicobar islands, with their unique characteristics and also their strategic situation to be closed to foreign tourists, which

they were till December 1974. Foreigners, after proper screening, and compliance with entry formalities, can now visit the north group of islands. By a judicious process, however, areas in the region, considered to be appropriate and selected after examination of security considerations as well as the requirements of the tribal population, if any, near about, could be opened up for tourism purposes. The Committee would like the primary emphasis in this matter, to be placed on internal tourism, so that the number of foreign tourists, who in any case would need to be carefully screened, does not pose any detriment to the life of the islands and danger to the security of the country. The Committee are of the view that while the tourism potential of these beautiful islands should be judiciously and sensitively examined, a beginning should be made with the provision, as soon as practicable, of facilities for travel to the islands and reasonable accommodation and other essential amenities for the tourist. The issue, however, will need to be examined very carefully and while there must not be a wide opening of the islands to all and sundry, the enormous tourism potentiality of the islands must not also remain in virtual abeyance.

315

The Committee note that different linguistic groups from the mainland, who have been rehabilitated in the Andaman & Nicobar Islands have produced a generally happy picture in the shape of the settlers having discarded many traditional social restraints, and

while adhering to their own linguistic affiliations have achieved a sort of truly national integration. A simplified dialect of Hindi appears to be known and employed for day-to-day purposes by people deriving from different linguistic zones in the country. The Committee welcome this phenomenon of the emergence of new pan-Indian social values and of a kind of assimilation into a conscious Indian nationality. As Government have already noted, it is important that the rehabilitation programme should not affect the character of the island region, and that, for example, damage to and destruction of the forest wealth of the islands should not, in the name of economic progress, be permitted. The Committee note that the Multi-Disciplinary Study Team earlier referred to has made recommendations in this regard which should be carefully kept in view.

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4.53

Do.

The Study Group of the P.A.C. had met not only the tribal people but also the ex-Servicemen settled in the islands, the refugees from the former East Pakistan rehabilitated in the area and other elements from the mainland who are now an integrated part of the population of the islands. They learnt of certain grievances, for example, of Bengali settlers who had some advances given after 1951, but were finding it difficult to repay the loans on account of inability to sell the products of their agriculture to the government store. The Committee note that in this regard in particular there is considerable relevant information in Third Report of the West Bengal Legislative Assembly's Committee on the welfare of Scheduled Castes & Scheduled Tribes (1974-76) which required perceptive examination.

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79	4.54	<u>Home Affairs</u> Department of Culture	<p>The Study Group reported also some disquieting information to the effect that in some cases allottees of land did not themselves actually cultivate, but had the job done through what is known as Ranchi labour. This should be thoroughly looked into and in no case should encouragement be given to what may develop into the pernicious system of absentee land-lordism. In view of the enormous and untapped economic resources of the Andaman & Nicobar Islands it is necessary, no doubt, to utilise the presence of migrants from the mainland as well as the Indians already settled in the region, and ensure the kind of economic development which will bring benefit to the islands as well as to the entire country. The Committee urge, however, that every precaution should continue strictly to be taken to ensure that the human and the ecological angle is constantly kept in view and that in the name of so-called-economic progress the uniqueness of the region is not jeopardized.</p>
80	4.61	Do.	<p>The Committee are distressed to hear of the alledg economic exploitation of the Nicobarese by the (i) Car Nicobar Trading Company (ii) Nancowrie Trading Company and (iii) M/s. Akoojee Jadwet & Company, in which M|s. Akoojee Jadwet had controlling a interest. As long as 1967, the Andaman administration had known of this and sought to cancel the licences given to these firms but they were restrained by the injunction which the said companies obtained from the Calcutta High Court. It is for nearly a decade</p>

that Government has been trying to contest the case in the High Court but without success so far. The Committee are unable to appreciate why it has not been possible for Government, with the best of legal advice presumably at their command, to have the injunction vacated or other appropriate remedies secured. The Andaman Administration was now reportedly trying to get over the legal hurdle by a process of negotiation with the Akoojee & Company outside the court. Their latest efforts seem to have led to the Administration withdrawing the case and the Akoojees agreeing to wind up their business and dissolve the constituent companies as soon as possible. The Committee trust that the said understanding reached with M's Akoojee will at least be implemented soon. It is necessary for the Committee to be satisfied that exploitation of the Nicobarese is actually stopped as a result. The Committee would also urge that in order that the Nicobarese should be encouraged to form their own cooperatives for which requisite assistance should be generally provided. This needs to be emphasised because the Administration's efforts in regard to the formation of cooperative societies had unfortunately failed.

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81 4'73

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The Estimates Committee of Lok Sabha in their 128th Report, more than 5 years ago, recommended that the dilapidated condition of the Cellular Jail should be improved and it should be maintained as a national monument. The Committee regret that progress in this direction has been far from satisfactory and the Cellular Jail building still continues even to house various offices and stores, and was partly being used as a Jail for ordinary prisoners. It is preposterous that what is virtually a national

monument, cherished as a shrine of our freedom struggle should be used in such unworthy fashion. The Committee urge that the country's desire for a national memorial at the Cellular Jail should be soon fulfilled and no part of the structures where our patriots languished for years should be tampered with or utilised unimaginatively. There should also be, as often demanded by public opinion, a correct and adequately respectful display of the names of freedom fighters who had served their term in the Cellular Jail. The Estimates Committee of Lok Sabha was told in 1973 that the Government had collected full information about the relevant names. It is unfortunate that it has not been possible so far for Government to display accurately that scroll of national honour in an appropriate place. The Study Group of the P.A.C. noticed inaccuracies in regard to some names and also the States to which they belonged. The Committee trust that it would be possible for Government to make amends in this matter without delay.
