

**PUBLIC ACCOUNTS COMMITTEE
(1966-67)**

SIXTY-SECOND REPORT

(THIRD LOK SABHA)

[Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial) 1966 Relating to the Ministries of Health and Family Planning, Home Affairs, Information and Broadcasting, Irrigation and Power, Labour, Employment and Rehabilitation and Mines and Metals.]



**LOK SABHA SECRETARIA
NEW DELHI**

November 1966 Kartika 1888 (S)

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(1966-67) (PRESENTED TO LOK SABHA ON 25.11.1966.)

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23rd July, 1966 (A.N.)	
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4th August, 1966 (A. N)	
17th November, 1966 (F. N.)	

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(1966-67)

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SECRETARIAT

Shri H. N. Trivedi—Deputy Secretary.

Shri R. M. Bhargava—Under Secretary.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Sixty-second Report on the Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial), 1966 in so far as they relate to Ministries of Health and Family Planning, Home Affairs, Information and Broadcasting, Irrigation and Power, Labour, Employment and Rehabilitation and Mines and Metals.

2. The Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 were laid on the Table of the House on the 15th March, 1966 and Audit Report (Commercial), 1966 on the 17th May, 1966. The Committee examined these at their sittings held on 19th July, 1966 (FN and AN), 20th July, 1966 (FN and AN), 21st July, 1966 (AN), 22nd July 1966 (FN and AN), 23rd July, 1966 (AN), 28th July, 1966 (AN) and 4th August, 1966 (AN). Minutes of each sitting form part of the Report (Part II).*

3. The Committee considered and finalised the Report at their sitting held on the 17th November, 1966.

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

5. The Committee place on record their appreciation of the assistance rendered to them in their examination of these accounts by the Comptroller & Auditor General of India.

They would also like to express their thanks to the officers of the Ministries etc. concerned for the co-operation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;

November 18, 1966.

Kartika 27, 1888 (Saka).

R. R. MORARKA.

Chairman,

Public Accounts Committee.

*One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

CHAPTER I

MINISTRY OF HEALTH

*Extra expenditure on the hiring of cold storage accommodation:
Para 51, pages 58-59 of Audit Report (Civil), 1966:*

1.1. During the period 29 May, 1962 to 30 September, 1965 cold storage accommodation was hired for storage of smallpox vaccine for the periods intervening between the dates of its delivery at New Delhi by a foreign Government and the dates of its despatch to the Medical Store Depots in the various States in India. According to the delivery schedule agreed upon between the two Governments, about 1000 cases of vaccine were to be received at Delhi every quarter. The following table indicates that the accommodation hired from time to time was far in excess of the actual requirements, resulting in extra expenditure of Rs. 34,731 on rent against the total expenditure of Rs. 84,300 on hiring of accommodation during this period:

Period	Areas of accommodation hired	Monthly rent and rate per cft.	Accommodation actually utilised		Accommodation hired in excess	Total rent for the excess accommodation on pro-rata basis
			Maximum No. of boxes in store at a time	Area utilised on the basis of 12.80 cft. per case as assessed by the Deptt.		
	cft.	Rs.			cft.	Rs.
29-5-62 to 29-9-62	(i) 7,680	(i) 600 (0.08)	1,811	23,180	30,700	16,218
	(ii) 46200	(ii) 5,950 (0.13)				
30-9-62 to 8-12-62	46,200	5,950 (0.13)	1,795	22,976	23,224	6,918
5-12-62 to 31-1-64	30,500	2,095 (0.07)	1,868	23,910	6,590	6,399
1-2-64 to 31-1-65	15,177	873 (0.06)	860	11,008	4,160	3,008
1-2-65 to 30-9-65	7,399	425 (0.06)	221	2,828	4,571	2,194
				Total		34,731

(ii) The contract for the cold storage arrangements for the period from 29 May, 1962 to 8 December, 1962 was awarded to a firm and

the hire charges of Rs. 5,950 per mensem were settled by the Department on the understanding that the measurements of the cold storage were 62' x 45' x 23' (i.e. 64,170 cft.) which were intimated by the firm on the telephone on 25 May, 1962. Subsequently on 27 June, 1962 i.e., after about a month from the date of taking possession of the accommodation the dimensions were found to be 60' x 44' x 17½' (i.e. 46,200 cft.). The firm was not asked reduce the rent proportionately; the *pro-rata* rent paid in excess to the firm from 29 May, 1962 to 8 December, 1962 amounted to about Rs. 10,600.

1.2. During evidence, on being asked to explain the basis on which requirements of accommodation for the storage of smallpox vaccine were assessed, the Secretary of the Ministry straightaway admitted that the Ministry hired more accommodation than was actually utilised. He added that the accommodation they had between February and September, 1965 was a great deal less than what they started with in May, 1962. That they had excess accommodation was realised after about 3 or 4 months of the hiring of the second room in May, 1962 but as the room had been hired for the whole year it could not be surrendered. Reasons for starting with excess accommodation were, firstly that the foreign Government from whom the vaccine was being received as a gift, had not intimated any firm schedule of despatches. Secondly, the Ministry did not have enough experience in regard to the storing of vaccine. Thirdly, in the early stages, there was very low off-take by the State Governments.

1.3. The second room, the witness stated had to be hired in a great hurry, as on 29th May, 1962, the Embassy of the Foreign Government informed the Ministry that a big consignment was arriving the very next day. On the basis of earlier quotations the firm from whom a room had already been hired, was contacted and another room was rented from them. That room, being the only available and suitable room, had to be rented on the terms indicated by the firm. The witness added that incidentally more space was also required to sort out the mixed batches of vaccine in cases which had been received from the foreign Government.

1.4. When asked how the Ministry came to a conclusion that the room hired by them was the only suitable accommodation, the witness stated that in the early stages, the Technical Officers believed that risk of contamination was so great that the vaccine would have to be stored separately in a 'complete' room. Secondly, the cold storage had a suitable location which facilitated the transportation of stores from the airport. Moreover, the witness added, the firm had agreed to make the store accessible at any time during day and night.

1.5. In reply to another question, the Secretary said that enquiries about cold storage accommodation were made from 13 firms, but only seven actually submitted tenders. Out of these the lowest tender was from the firm from whom the accommodation had been hired.

1.6. The witness explained, in response to a query, that reduction in the requirement of space from period to period was made possible, because the technical officers, after gaining experience, had thought safe to store the vaccine in the racks, on a higher level, even where other things had been stored on the ground, and that a complete room was not necessary. Explaining reasons for a great cut made in the requirement in 1965, the witness stated that it was possible to do so as by then the pattern of arrivals from the foreign Government had been known and the off-take by the States, which had since geared up their organisations, had also increased.

1.7. According to Government's assessment 250 million doses of vaccine were required from January, 1962 to December, 1963, 200 million doses from January, 1964 to July, 1965 and 200 million doses from August, 1965 onwards. The foreign Government the witness stated had assured to supply 31 million doses per quarter. However, in the beginning, their supplies ranged between 39 to 45 million doses. Answering a query, the witness stated that the foreign Government was requested more than once to indicate in advance time schedule of supplies but they pleaded inability to do so, as they said, they were dependent on certain factors of production in various centres from where the vaccine was collected.

1.8. Asked why after it had been known that the accommodation had been acquired in excess of requirements, the smaller room was not surrendered, the witness stated that it was not done as the impression was that the accommodation (measuring 7,680 cft. hired @ Rs. 600 per cft. per month) would have to be retained for the period (29th May, 1962 to 29th September, 1962) contracted.

1.9. Asked what were the reasons for paying abnormally high rate of rent in respect of the accommodation having an area of 46,200 cft., the witness stated that that being the only suitable accommodation which was available in the short time at the Government's disposal, a higher rent as demanded by the firm had to be agreed. Explaining the circumstances under which the measurements of room (64,170 cft.) indicated at the time of negotiations turned out to be 46,200 cft., the witness stated that initially the height upto roof had been mentioned, but there being a ceiling and as the space beyond that could not be used measurement later on had to be taken upto the ceiling. But when asked how the Govt's sanction

taken for Rs. 5,950 for 64,000 cft., could hold good when the space was less, the witness stated "I admit that the specific information given for getting sanction is capable of that interpretation, but my submission would be that the Committee may kindly direct me to make an inquiry more fully into this matter before we reach any final conclusion."

1.10. The Committee desired to be furnished with a note stating the date of agreement signed with the foreign Government for the supply of smallpox vaccine and the date when accommodation for its storage was hired. They also wished to be furnished with a statement giving names of the firms and the rates quoted by them for cold storage accommodation required for the storage of smallpox vaccine. The note has been furnished.

1.11. The Committee note that no formal agreement had been entered into with the foreign Government for the supply of smallpox vaccine. However, the supplies were arranged on the basis of negotiations initiated by the representative of the foreign Government on 24th October, 1960, which had continued till an acceptance of the offer was communicated on 16th June, 1961 to the Embassy of the Foreign Government in New Delhi.

1.12. The Committee feel that it is unfortunate:

- (i) that even during the protracted negotiations no firm schedule of arrivals of the vaccine could be drawn up. The requirement about accommodation had to be assumed and acquired. The result of this was that the accommodation hired was much in excess of actual needs.
- (ii) Even after the Ministry had known that the accommodation rented by them was in excess of their requirements, no effort was made to surrender the surplus accommodation.
- (iii) Measurements of the room acquired were not taken properly before hiring it, and even when correct measurements had been obtained no attempt was made to take up the matter with the firm to reduce the rent proportionately. The Committee, therefore, feel that there is scope for an inquiry as to why the Govt.'s sanction was obtained on wrong premises and desire that responsibility should be fixed for this lapse.

1.13. The Committee hope that the Government would look into the lapses in the above transaction and take suitable remedial measures to avoid recurrences in future.

Lady Hardinge Medical College and Hospital—Para 132—Page 150—154:

1.14. The Lady Hardinge Medical College and Hospital was set up in 1916 with the object of providing higher medical education for girls and treatment for women and children. The institution is managed by a Board of Administration, constituted by Government (with the Director General of Health Services as its chairman), in accordance with a scheme settled under the Charitable Endowments Act, 1890.

1.15. (i) The Institution is financed mainly through grants-in-aid paid by Government. A broad analysis of the receipts and expenditure of the institution for the years 1963-64 and 1964-65 is given below:

	(In lakhs of rupees)			
	Receipts		Expenditure	
	1963-64	1964-65	1963-64	1964-65
Opening balance	0.42 (—)	0.85		
Grants from Govt. †	46.34	49.13		
Miscellaneous receipts (Hospital fees, † tuition fees, hostel fees, interest on investments etc.)	3.33	3.30		
Withdrawals from the Employees' Provident Fund †	10.00	4.60		
Recoveries of advances, suspense account etc.	1.60	1.93		
			Pay & allowances of staff.	26.65
			Medicines and Hospital requisites .	6.12
			Instruments and Equipment .	2.72
			Miscellaneous Expenditure .	15.38
			Refund of Provident Fund balance .	10.00
			Advances, deposits, suspense account, etc.	1.67
			Closing balance (—)0.85*	1.53
TOTAL	61.69	58.11	61.69	58.11

*Cheques were issued in 1963-64 but encashed in 1964-65.

1.16. A number of buildings for the College and Hospital were constructed by the CPWD but the cost thereof, which was treated as grant-in-aid, was not reflected in the accounts of the institution. No register of properties was also maintained.

1.17. During 1963-64 and 1964-65, amounts aggregating Rs. 14.60 lakhs were withdrawn out of the Employees' Provident Fund Account on six occasions for meeting expenditure not connected with the Fund and retained out of the Fund Account for periods ranging from 2 to 10 weeks. Such withdrawals resulted in a loss of interest on the provident fund deposits to the extent of Rs. 7,906 (calculated @4 per cent) during these two years and would also jeopardise recognition of the Fund under the Income Tax Act.

1.18. During evidence, the Secretary of the Ministry of Health stated that the property register had not been maintained by the College under the belief that since the expenditure on the construction and maintenance of college and hospital buildings was being incurred by the Government, it was not necessary to do so. The register was now being maintained and was brought upto-date on 21st January, 1966.

1.19. In regard to the withdrawal of Rs. 14.60 lakhs by the Institution out of the Employees' Provident Fund Accounts during 1963-64 and 1964-65, the witness stated, "This was an obvious mistake these withdrawals should not have been done". Reason for withdrawal, the witness added, was that the Institution had a very small opening balance and it had to pay salaries and meet other unavoidable obligations. The opening balance as on 1st April, 1964 was Rs. 42,000 and on 1st April, 1965 it was minus Rs. 85,000. He further stated that it was being looked into whether any change was necessary in the system of payment of grant-in-aid so as to make it easier for the Institution to discharge its obligations in the beginning of a financial year, without restoring to such practices. The witness assured the Committee that this practice had since been stopped from 30th May, 1964 and that there would be no recurrence of that.

1.20. The Committee enquired about the loss of interest suffered by the Fund. The witness stated that the rate of interest is guaranteed to the subscribers of the Fund. Asked if such unauthorised withdrawals would not create a deficit in the Fund itself and hence less interest earned by the Fund, the witness promised to examine that.

1.21. In reply to a query, it was stated that the withdrawal from the fund were made by the Principal of the college and at no time,

they were brought to the notice either of the Board of administration of the Institution, or the Ministry.

1.22. The Board had four meetings in a year one in each quarter. The Committee asked if frequent resort to these irregular withdrawals did not indicate weak financial position of the Institution and as such should it not have been brought to the notice of the Board of Administrators, the witness promised to examine the proceedings with a view to see if something was brought to the notice of the Board or not.

1.23. The Committee, no doubt, regard the withdrawals from the Employees' Provident Fund and that too without the knowledge and approval of the Board of Administration, highly objectionable. But they cannot ignore the fact that the Institution had been compelled to adopt the above course due to the non-payment of grants-in-aid by Government in time. They hope that, as promised during evidence, the Ministry would evolve a suitable system under which grant-in aid payments to the Institutions, like Lady Hardinge Medical College and Hospital, are made in time to avoid such situations in future.

Purchase and utilisation of stores: Sub-para (ii):

1.25. The institution obtains its supplies of medicines and other hospital requisites by placing indents on the Medical Stores Depot, Karnal and by making local purchases. During 1963-64 and 1964-65, the local purchases made by the institution constituted 56 and 86 per cent respectively of the total purchases in the case of medicines and 100 per cent in the case of linen items, as shown below:

(In lakhs of rupees)

Year	Medicines and other hospital requisites			Linen Items		
	Total purchases	Local purchases	Percentage of local purchases to total purchases;	Total purchases	Local purchases	Percentage of local purchases to total purchases
1963-64	5.95	3.35	56	0.17	0.17	100
1964-65	3.57	3.07	86	0.50	0.50	100

1.26. In a number of cases the rates paid for local purchases of Medicines were higher than those for supplies received through the Medical Stores Depot, Karnal. A few instances are given in Appendix XV to Audit Report.

1.27. The Committee asked, during evidence if the Government was satisfied that the local purchases made by the Lady Hardinge Medical College, as pointed out above, were justified. The witness stated that the local purchases related to two categories. One was, where the articles were not stocked by the Medical Stores Depot, the cost of which amounted to Rs. 2.60 lakhs in 1963-64 and the second where the medicines or stores stocked by the Depot were locally obtained, the value of which came to Rs. 75,875. The purchases made through the Medical Store Depot were also Rs. 2.60 lakhs in 1963-64 and thus local purchases of stores stocked by the Depot (Rs. 75875) came to only 22.5 per cent of the total purchases of Rs. 2.60 lakhs made from the Depot.

1.28. In regard to the higher prices paid for the locally purchased articles, the witness stated that the Medical Stores Depot procured and supplied stores at rates lower than that quoted by the firms. So far as rate of 'Injection Testesteron' charged by the Depot was concerned, the witness pointed out that it should be Rs. 1.9 instead of Rs. 00.19 and also added that the strength of injection locally purchased was higher than that supplied by the Depot.

1.29. The Committee enquired of the witness, whether it did not indicate that the market prices of medicines were very much higher, the latter agreed and disclosed that a Committee had been appointed to go into the question and the matter was also being referred to the Tariff Commission. The witness added that under a new order recently issued, they had the power of fixing the prices, but upto now that power had not been exercised.

1.30. Indicating action taken on the Committee's last year's recommendations (Paras 2.4, 2.9 and 2.10 of 42nd Report Third Lok Sabha) regarding purchase of stores through the standard Government agencies such as D.G.S. & D., M.S.D. the witness stated that tenders sufficiently in advance for the next financial year, to ensure timely procurement; (ii) open tenders should be used sparingly; (iii) M.S.D. be authorised to import without necessarily going to the Ministry of Finance and place orders directly with the State Trading Corporation for purchases from the rupee area; (iv) Medical Stores Organisation should be set up in Delhi for bulk purchases; (v) rate contract should be concluded and orders placed directly by hospitals;

and (vi) local purchases in regard to proprietary medicines should be kept to minimum and made according to needs.

1.31. The Committee hope that the application of instructions issued by the Ministry of Health in response to the recommendation of the Committee made in their 42nd Report (Third Lok Sabha), would improve the position and minimise local purchases of medical stores in future.

1.32. The Sub-para further stated that the dates of expiry of the life of the medicines had not been indicated in the stock registers maintained by the institution, and as such, it could not be ensured whether the medicines purchased had the requisite maximum life at the time of purchase and were issued for use before the expiry date. This information was, however, available in respect of some of the medicines in the circular letters issued by the institution to its medical wards from time to time. A check of the stock registers with reference to these circulars indicated that a number of injections had remained un-issued upto the marked dates of expiry but were issued by the institution thereafter. A few instances are given below:

Name of the injection	Date of expiry	Period during which the injections were issued	No. of injections issued
Liver Extract	24th Jan., 1965	25th Jan., 1965 to 19 July, 1965	607 vials
Nictinic Acid	June 1964,	July, 1964 to May, 1965	340 amps
Estroprogen	July, 1964	August, 1964 to October, 1964	15 vials

1.33. Asked, during evidence, how the outdated injections were issued and used for clinical purposes, the witness stated that wherever there was a loss of potency it was made up by using larger doses and added that steps had now been taken to avoid issue of such medicines in future. Asked, if that practice was not fraught with grave risks, the witness informed the Committee that a medical officer before using the medicines convinced himself of its harmlessness, and that no such medicine was administered without the proper supervision of a doctor. The witness added that the omission of not entering the date of expiry in the register had now been corrected and entries were now being made in the register.

1.34. The Committee were further informed that when it was found that period of expiry of a particular medicine was coming to a close its samples were sent to a Central Government laboratory for

test and report. The Secretary of the Ministry admitted that the medicines in question (mentioned in Audit Para) were not put to test. He however, agreed to introduce a system whereby time-expired medicines were sent for re-testing before issuing the same for use.

1.35. The Committee regret to note that the out-dated medicines had been issued for clinical purposes without a prior check about their potency and harmlessness. They feel that such a practice is fraught with grave risks.

They suggest that instructions should be issued to all concerned so that no time expired medicines are issued unless they have been retested and certified 'good' by Government laboratory. The Committee would also like to draw attention in this connection to their observations contained in para 2.13 of 42nd Report—1965-66.

Indirect subsidy to student's hostel: Sub-para (iii)

1.36. During 1963-64 and 1964-65, accommodation had been provided to students numbering between 350 and 380 in the institution's hostel on payment of rent varying from Rs. 9 to 11 per mensem. For looking after the affairs of the hostel, as many as 60 persons (including a warden, an assistant warden, a house keeper, cooks, bearers, ayahs, sweepers etc.) had been employed by the institution. Though the expenditure on the mess was met by the students themselves, the deficit resulting from excess of expenditure on salaries of staff over the rent realisation was met out of Government grants. The details of such deficits during 1963-64 and 1964-65 are given below:

Year	Expenditure on salaries of staff	Amount realised as rent	Deficit met out of Govt. grant
1963-64	87,392	Rs. 31,508	Rs. 55,884
1964-65	95,737	Rs. 36,037	Rs. 59,700

1.37. The Ministry stated in November, 1965 that the sweepers and ayahs numbering about 23 (expenditure on whose salaries amounted to Rs. 3,000 per mensem) are employed for sanitation work in the interior of the hostel and also for other buildings.

1.38. Government have not laid down any specific pattern of financial assistance for meeting these deficits out of Government grants. The Committee asked the Secretary, Ministry of Health, if a uniform

pattern of financial assistance to the hostels attached to medical colleges to meet their deficits could not be evolved. The Secretary stated that so far Government had not considered that aspect. The grant-in-aid had been given on the total budget of the institution taking into account the expenditure on various accounts and receipts. The witness disclosed that Government had under consideration the question of charging students on account of salaries, etc., paid to the servants.

1.39. The witness in reply to another question said that there were 240 rooms in the hostel attached to the Lady Hardinge Medical College in which 385 students were residing. Asked if a staff of 60 persons (whose salary was Rs. 95,737 in 1964-65) was reasonable for a hostel having accommodation for 250 to 300 students, the witness stated that the staff was not only looking after the hostel, but they were also rendering connected services to the college. The amount of salaries which should have been debited to the hospital had, apparently, not been apportioned. The witness, however, agreed to make a comparative study of the staff employed to look after the students in various hostels.

1.40. The Committee had desired to be furnished with a detailed statement giving the number of students in the hostels attached to the Medical Colleges and the number of persons (cooks, bearers, ayahs, sweepers, etc.) employed by each of the hostels for looking after the students residing in the hostel:

- (a) in respect of the hostels of the Medical Colleges in Delhi;
- (b) in respect of some other Medical Colleges in big cities (facts and figures of which are readily available); and
- (c) financial burden on students in respect of rent, diet in each hostel.

From the information furnished by the Ministry the Committee observe that the number of students residing in hostels and the number of persons employed therein are as follows:

Name of College/Institute	No. of students residing in Hostel	No. of persons employed therein
1. Lady Hardinge Medical College & Hospital, New Delhi.	380	64
2. Maulana Azad Medical College, New Delhi.	601	70
3. All India Institute of Medical Sciences, New Delhi.	512	22
of Post-Graduate Medical col., Pondicherry.	445	78

1.41. The Committee feel that the number of persons employed in the hostel of the Lady Hardinge Medical College and Hospital, as compared to other institutions in Delhi, is on a high side. They would like the Government to have the matter examined properly, to see whether any economy is possible so that the financial burden both on the students and the Government is minimised.

1.42. The Committee would also like to suggest that if Government decides as a matter of policy to pay some subsidy to the Hostels attached to Medical Colleges or Institutes to meet their deficits, a uniform pattern of assistance might be laid down for the purpose.

Equipment lying idle: Sub-para (iv):

1.43. A few instances of costly equipment, in the Institution which had been lying unutilized for long periods are given below:—

Category of equipment	Value	Month from which lying idle	Remarks
	Rs.		
Cold Storage Plant .	28,000	March 1961	Lying idle as the gas require d for working of the plant could not be imported by the CPWD so far (November, 1965).
Truck	5,000	June, 1962 (Approx.)	Originally a college bus, the vehicle was converted into a truck in 1962 by incurring an expenditure of Rs. 3,562 on construction of its body and purchase of certain other accessories. No account of material dismantled as a result of the conversion was found to be on record. The material was also reported to be missing. The matter is stated to be under consideration of the Director General, Health Services (November, 1965).
Gas Plant	15,000	Nov., 1963	Lying idle for want of repairs estimated to cost Rs. 7,500.

1.44. During evidence the Committee were informed by the witness (DGHS) that the non-utilisation of cold storage Plant since 1961, was due to the fact that the CPWD had changed the current from D.C. to A.C., which had taken a long time, and secondly the gas required for the plant had not been imported. When asked what

the Ministry had done in this regard, the Secretary said that except reminding the C.P.W.D. constantly nothing was done as the C.P.W.D. did not ask for any help.

1.45. The Committee desired to be furnished with a detailed note on the delay involved in the import of gas required for working of the cold storage plant. Information furnished by the Ministry is at Appendix I.

1.46. In regard to the conversion of a college bus into a truck, the Committee were informed that it was done under the decision of the Board of Administration, and so far as disappearance of cushioned seats was concerned an enquiry had been conducted and the officer responsible for this was being charge-sheeted. It has since been decided to dispose of the truck as it was not required by the college. The witness apprised the Committee that the Gas Plant which had been lying idle for want of repairs due to difference of opinion between the supplier and the Institution had now been found to be beyond repairs.

1.47. The Committee would like the Ministry to take suitable steps to ensure that costly machinery does not remain unutilised for long periods, due to lack of co-ordination and procedural delays, as happened in these cases.

Staff quarters: Sub-para (v):

1.48. The institution has got 230 residential quarters, out of which 183 are meant for class IV staff and 47 for doctors, nursing staff and other employees.

1.49. No register of allotment of quarters was maintained upto March, 1964. The register maintained from April, 1964 was also incomplete as the dates of allotment, pay of the allottees, nature of accommodation (whether furnished or un-furnished), etc., had not been recorded therein. The entries in the register were not authenticated by any official. No demand and collection register was maintained.

1.50. Five quarters were under unauthorised occupation and the arrears of rent recoverable from the occupants from January, 1959 to July, 1965 amounted to Rs. 6,502. One of the occupants from whom a sum of Rs. 3,584 was recoverable was dismissed from service in November, 1961. On an average, an expenditure of Rs. 7,250 per month was incurred on consumption of filtered water in the college and hospital and residential quarters. No recoveries were being

effected from students, nursing staff, Bursar, Warden and subordinate and menial staff in occupation of the quarters except in the case of some class IV servants, occupying 63 quarters, at the rate of Rs. 3.25 p.m. It was stated that the above categories of persons were not to pay water charges in accordance with the Bye-Laws adopted in 1927. The position has not been reviewed since then and the deficit is being met from Government grants.

Sub-para (vi)

1.51. The institution had not maintained a consolidated account of permanent and semi-permanent assets acquired out of the Government Grants as required under the conditions attached to the Grants. The Committee were informed by the Secretary of the Ministry, during the evidence, that the allotment register was now being maintained, and for the ejection of those who were in unauthorised possession of quarters civil suits were proposed to be filed. The witness also informed the Committee that a consolidated account of the permanent and semi-permanent assets acquired out of Government's grants had since been prepared by the Institution.

1.52. The Committee desire that proper care should be taken beforehand and no Government accommodation be allowed to fall in unauthorised hands. Unauthorised occupation not only involves loss to the exchequer but also leads to entering into unnecessary litigation and further it deprives the staff of the accommodation to which they are entitled to.

1.53. It also appears some what inequitable that class IV employees are required to pay water charges under the old bye-laws, whereas the higher categories are not so required. The Committee would like the Ministry to take suitable steps to remove this anomaly.

(a) (i) *Indian Council of Medical Research—Pages 154-155: Para 133: Premature termination of enquiries:*

1.54. The Indian Council of Medical Research finances various enquiries and researches with the object of initiating, aiding, developing and conducting medical scientific research in the country and of promoting and assisting institutions for the study of diseases; their prevention, causation and remedy. Normally, the period of an enquiry is about 2-3 years, although no specific time limit has been laid down.

1.55. The termination of an enquiry is recommended by an Expert Group. Committee for reasons such as non-availability of trained technicians and research fellows, unproductive nature of the line of enquiry, unsatisfactory report of the work done, etc. However,

in respect of 103 enquiries on which an expenditure of Rs. 21.03 lakhs had been incurred, the reasons for the termination were not available with the Council.

(ii) Non-receipt of final reports and accounts of non-consumable articles:

1.56. Although after the termination of an enquiry, the Officer-in-charge is required to submit his final report to the Council, it was noticed that in 10 cases, on which an expenditure of Rs. 1.96 lakhs had been incurred during 1961-62 to 1963-64, the final reports had not been submitted till January, 1966.

1.57. In 191 enquiries (including 44 enquiries completed satisfactorily) terminated during the four years ending March, 1965, the position in regard to non-consumable articles purchased out of the funds of the Council in respect of 61 enquiries was not known to the Council (January, 1966).

Non-refund of unutilised grants:

1.58. Out of the grants received from Government from 1911 to 1951, the Council had accumulated surplus funds to the extent of Rs. 16.74 lakhs and invested them in Government securities. When it was suggested by audit in 1958 that these unutilised grants should either be refunded to Government or adjusted by the latter in subsequent years against grants payable to the Council, the Governing Body of the Council decided in August, 1961 that the investments should not be surrendered to Government, but utilised by the Council for extension of its headquarters office. In pursuance of this decision, the Governing Body authorised in March, 1964 the withdrawal of Government securities of the face value of Rs. 15.25 lakhs to meet the expenditure on the construction of an Annexe, but this proposal was dropped in July, 1964, as the market value of the securities had slumped. The unutilised grants had not been surrendered till January, 1966.

1.59. The Ministry had intimated to the Audit that the Council was not in a position to dispose of the securities as it might have to incur considerable loss if it sold the securities now to the Reserve Bank of India and that the question of the disposal/utilisation of those investments was being examined in consultation with the

Ministry of Finance. During evidence, when asked why no record of termination of enquiry was maintained, the witness stated:

“that it was a procedural omission of not recording reasons in each case.”.

1.60. In regard to the non-receipt of final reports and accounts of non-consumable articles, the Committee were informed that final reports had since been obtained in respect of eight out of ten enquiries, and that an Expert Group of 3 persons had been appointed by the Council to go into the whole question.

1.61. To the question as to what control was exercised on the officers-in-charge of the scheme the witness stated that some measure of autonomy and flexibility had to be allowed, because it was believed that if there was too much control on academicians there might be a difficulty to get them for such schemes. The witness further added that the Expert Group appointed had been asked to suggest what vigilance and check need to be exercised in such matters.

1.62. The witness informed the Committee that the question of refund of unutilised grants by the Council was still under consideration. Opinion of the Finance Ministry had been obtained and the matter had also been pursued with the Council. The latter had requested to be allowed to retain the money for the construction of buildings. The witness in reply to a question, stated that the Council had accepted that the money belonged to Government and disclosed that even the Ministry would write to the Council not to sell the securities without the approval of Government and that the sale proceeds should not be disposed of without their consent.

1.63. The Committee desired to be furnished with a note indicating the expenditure incurred: (i) on the research schemes undertaken during the period 1961 to 1965, enquiries into which were continuing or had been completed and; (ii) on the research schemes enquiries into which had been dropped.

1.64. Note furnished by the Ministry is at Appendix II. The Committee note that during the four year's period (1961-62 to 1964-65), the Council had sanctioned 810 schemes/projects for research. Out of these 707 schemes matured and the rest i.e. 103 (12 per cent.) had to be dropped or discontinued. 83 schemes, out of 103, were abandoned on the recommendation of the Expert Group, whereas 20 were dropped by the research workers themselves. On 707 schemes,

which were pursued till finalisation during the period, an expenditure of Rs. 1,24,20,631.65 was incurred whereas on 103 schemes, which were dropped Rs. 19,43,571 had been spent. Thus out of the total expenditure of Rs. 1,43,64,202.63 nearly Rs. 19½ lakhs (i.e. about 13.5 per cent.) have yielded no final results.

1.65. The Committee feel that the percentage of schemes/projects dropped and the expenditure incurred on them is very much on the high side. Whereas they appreciate that 83 out of 103 schemes enquiries were dropped on the advice of Expert Group and only 20 were dropped by officer-in-charge, they desire that Government should look into the matter and see that the schemes are initiated after thorough scrutiny so that the number of schemes which are to be dropped could be minimised. They would also like that the reasons for the termination of research schemes/enquiries be properly and regularly recorded in all cases in future.

1.66. The Committee also desire that the question of refund of the unutilized grant should be settled by Government with the Council early.

All India Institute of Medical Sciences, New Delhi: Purchase of a defective instrument—pages 194-195, Appendix-I:

1.67. An instrument infracord spectrophotometer costing Rs. 25,823 was purchased by the All India Institute of Medical Sciences, New Delhi in March, 1960 from a firm, which had imported the instrument for exhibition in India. The instrument has been lying idle till January, 1966 as certain parts found damaged on demonstration have not been replaced due to inability of the Institute to arrange foreign exchange for Rs. 1,752 required for the import of the replacements.

1.68. The witness, during evidence, admitting that it was an 'unfortunate case' stated that the delay was due to a considerable time taken by the supplier to give demonstration and then in the procurement of parts which were to be imported. He described in detail the steps taken to get necessary foreign exchange required to replace the damaged parts. He also revealed that the cost of parts originally estimated at Rs. 1,752 was put at Rs. 4,442 and due to devaluation it was now likely to cost much more.

1.69. In reply to a question, the witness stated that no efforts were made to get the repairs done indigenously, because under the contract the firm had to repair or replace the instrument. In the end the wit-

ness said that according to the latest information, a firm had offered to put the instrument in order within the next few weeks.

1.70. The Committee regret to note that the equipment costing about Rs. 26,000 had been allowed to lie without use for a period of six years and that the question of repairing it was taken up in a most leisurely manner. They hope that the Institute would now take immediate steps to ensure utilisation of the equipment.

CHAPTER II

MINISTRY OF HOME AFFAIRS

Infructuous expenditure on the salary of an officer—Para 52-Pages. 59-60.

2.1. An officer of the Indian Civil Service belonging to the West Bengal cadre was working as Secretary in a Department of the Central Government. The Department as well as the post of the Secretary were both abolished with effect from 20th October, 1963 and the officer proceeded on leave for four months from that date. Shortly before the expiry of leave, and immediately thereafter, the officer made enquiries regarding his posting but his posting orders were not issued as efforts to find a suitable post for him proved unsuccessful. The services of the officer were thereafter replaced at the disposal of the Government of West Bengal by a notification issued on 14th April, 1964. This was, however, objected to by the State Government as the officer had barely six months to retire. The officer eventually decided to retire from service with effect from 1st August, 1964.

2.2. The failure of Government to decide on the posting of the officer involved an infructuous expenditure on his salary amounting to about Rs. 22,000 for the period from 20th February, 1964 to 31st July, 1964.

2.3. During evidence, explaining the reasons for keeping the officer without a post for four months after his return from leave, the Secretary (Ministry of Home Affairs) admitted that it was an unfortunate case and stated that with the abolition of the post of the Secretary of the Company Law Administration, the officer was no longer needed for that Department. Also, the officer had only a year to reach the age of superannuation and out of that period it was expected that he would have four months' leave preparatory to retirement. Moreover, the officer, after the abolition of the Department of Company Law went on leave and for the short period for which he was available for service, it was not possible to find a post of Secretary for him. The witness further added that no Ministry wished to have an officer at the top level for a short time.

2.4. Asked why the officer was not retained in the Company Law Department, the Secretary stated that since the Department had been tagged on to another department of the Ministry of Finance, a full time Secretary was not required.

2.5. In reply to a question the witness stated that when the officer asked for leave he was told that it might not be possible to find a post for him on his return. He was also advised to seek early retirement, but he did not accept that.

2.6. The Committee desired to be furnished with further information on the following points:

- (i) whether any appointment of a Secretary or an officer of that status was made during the period of 5 months when the officer referred to in the Audit para was without any posting; and
- (ii) whether any officer of that rank was sent on deputation to an autonomous statutory body.

2.7 From the information furnished by the Ministry, the Committee observe that during the period the officer was without a post, eight officers were appointed to the posts of Secretary or equivalent posts. Out of those eight officers, one was posted as Special Secretary to the Ministry of Finance, Company Law Division, whereas the officer concerned had already held the post of Secretary of the Department of Company Law Administration before the Department was tagged on to another.

2.8. Home Secretary stated in evidence at the very outset that "I would say straightway that it was an unfortunate case and I cannot say that it is possible to justify what actually happened." The Committee consider it unfortunate that such a senior officer as a Secretary of a Department of Government of India was kept without a posting for a long time without any justification and was placed in circumstances which compelled him to seek premature retirement. The Committee need hardly emphasize that apart from involving Government in an infructuous expenditure of Rs. 22,000 such a case is likely to have a demoralising effect on the Administration which could easily have been avoided.

Land Acquisition Collectorate—Para 53—Pages 60—62.

2.9. The Land Acquisition Collectorate is entrusted with the work of acquiring land under the Land Acquisition Act, 1894, the Northern Indian Canal and Drainage Act, 1878 and the Resettlement of Displaced Persons Land Acquisition Act, 1948. The land is acquired by it on behalf of Government Departments Local Bodies, etc.

(a) 2.10. The Table below indicates details of the administrative expenditure of the Collectorate, land acquired by it and compensation paid during the three years ending March, 1965:

	1962-63	1963-64	1964-65
	Rs.	Rs.	Rs.
(i) Administrative expenditure	5.01 lakhs	5.20 lakhs	6.12 lakhs
(ii) Land acquired	7103.67 acres	5555.10 acres	3932.07 acres
(iii) No. of awards	152	142	111
(iv) Compensation awarded by Land Acquisition collectors	728.35 lakhs	569.87 lakhs	384.65 lakhs
(v) Number of cases in which enhanced compensation was allowed by Court on appeal	163	148	353
(vi) Compensation as per original awards in respect of cases at (v) above	20.67 lakhs	36.90 lakhs	44.54 lakhs
(vii) Compensation enhanced in respect of cases at (v) above.	26.73 lakhs	52.40 lakhs	58.17 lakhs

2.11. In respect of cases in which appeals were filed by the parties, whose lands had been acquired, the enhancement of the compensation varied between 100 per cent and 160 per cent.

2.12. The Committee asked about the reasons for the enhancement of compensation (Rs. 137.30 lakhs) during the three years ending March, 1965. The Chief Commissioner, Delhi stated that appeals against the compensation awarded by the Land Acquisition Officers, when upto the Additional District Judges, who in most cases enhanced the amounts of compensation. To check under-assessment of the awards, the witness added, the Deputy Commissioner looked into cases of awards of Rs. 1 lakh and above or where the award was more than Rs. 3 per square yard and above. The witness stated that notwithstanding all checks, the tendency in the judiciary was to give a higher rate of compensation. The witness added that Government had also appealed against the Additional District Judges' awards; but so far no case had been decided.

2.13. In reply to a query, the witness stated that in 90 to 95 per cent of the cases, appeals were made against the awards and in most cases the awards were enhanced. In view of the upward revision of awards the Committee desired to know whether any steps had been taken to revise the machinery of assessment. The witness replied that the principles on which initial award was to be given were enu-

merated and that the awards were scrutinised carefully. When specifically asked whether the existing machinery and methods were satisfactory, the witness replied that no machinery was perfect but they were trying their best to see that while applying the principles, awards given by the District Judges in similar cases were taken into account.

2.14. In regard to the basis on which award was determined, the witness said that it was based on the market rate. He further added that the people had a right to object to the initial award in the Land Acquisition Officer's own court, and after hearing them if the L.A.O's award was not considered satisfactory, they went up in appeal against that decision. The Committee desired to be furnished with the following information:

- (i) Out of the cases which went in appeal, what is the percentage of cases in which compensation was enhanced in appeal during the years 1962-63, 1963-64 and 1964-65;
- (ii) What is the percentage of cases in which the Administration filed appeals before the High Court? In how many cases the appeals could not be filed because of time bar.

The information furnished by the Ministry is at Appendix III.

2.15. The Committee note that during the three years i.e. 1962-63 to 1964-65; the amount of compensation was enhanced in appeal in respect of 64.7 per cent to 73.4 per cent of cases decided by Courts. The Committee feel that this percentage is very high and is indicative of some lacuna in the procedure of fixing compensation. They would, therefore, like that the present system of fixing the rate of compensation should be gone into and necessary measures taken to improve the position.

Avoidable expenditure on account of payment of interest—Para 53(b)—Page 61.

2.16. In cases where appeals are filed against the awards of the Land Acquisition Collectors the amounts of enhanced compensation awarded by the appellate Court have to be remitted by the Collectorate to the Court for disbursement to the parties concerned. During April, 1963 to August, 1965 remittance of enhanced compensation amounts to the court was delayed in about 496 cases with the result that heavy payments on account of interest had to be made by Government to the parties concerned. In 50 cases alone, where the remittances were delayed for periods varying from 1 to 24 months, the interest on belated payments amounted to Rs. 1.43 lakhs.

2.17. The Chief Commissioner, Delhi during evidence, before the Committee stated that in 262 cases (out of 496 cases) delay was avoidable and out of Rs. 3,51,684 paid as interest in respect of all cases, Rs. 2,42,247 were paid in connection with those 262 cases. The witness admitted that the amount involved was a big sum and was due to the failure on the part of the Administration. When asked what steps had been taken to avoid repetition of such delays, the witness replied that detailed instructions in that regard were under preparation, the absence of which, according to him, was responsible for the above payment.

2.18. In reply to a query, the witness stated that rise in administrative expenditure was not due to increase in the staff. It was on the other hand, due to increase in litigation expenses and Dearness allowance. The Committee desired to be furnished with information in regard to the following points:

- (i) the total amount of compensation involved in 496 cases on which an interest of Rs. 3,51,684 was paid,
- (ii) the amount of expenditure incurred on litigation on the 496 cases,
- (iii) the amount saved as a result of going in for litigation.

2.19. The Ministry have furnished the following information.

"In these 496 cases, an amount of Rs. 72,64,496.29 it was paid as net enhanced compensation. The litigation cases pertaining to non-plan works were handled by the Ministries concerned in consultation with the Ministry of Law and the expenditure was also incurred by them. The details on casewise litigation expenditure are not available with the Land Acquisition Collectorate. It is, therefore, not possible to give the expenditure incurred on litigation on 496 cases, where enhanced compensation was paid."

2.20. The Committee feel concerned to note that due to delay, which was avoidable, a payment of more than Rs. 2.42 lakhs was made by way of interest in 262 cases. The Committee regret to point out that there was failure of the Administration in this case. The delay in payment of enhanced compensation not only inconvenienced the recipients of compensation, but also put the exchequer to a great loss. The Committee recommend that some positive steps should be taken to eliminate such delays in future. The Committee also regret to note that the details of casewise litigation expenditure are not available with the Land Acquisition collectorate.

Non-maintenance of proper records of unpaid balances of awards and unpaid cheques—Para 53(c)—Page 61.

2.21. The Collectorate had a credit balance of Rs. 65.83 lakhs on 1st August, 1965 in a current account with the State Bank of India. The amount represented accumulation of unpaid balances of awards out of the compensation amounts received from various Departments in respect of the lands acquired on their behalf since 1937 onwards. Full details of the related awards were not kept by the Collectorate. The unpaid balances were also not deposited into the treasury as revenue deposits, as required under the rules.

2.22. The Ministry intimated to Audit in January, 1966 that necessary instructions had since been issued to the Land Acquisition Collectors and that a sum of Rs. 16.42 lakhs, out of the total amount of Rs. 65.83 lakhs, had since been cleared by payment to parties or by deposit in the treasury.

2.23. 97 cheques for Rs. 59,325, issued during July, 1956, to January, 1965, were not presented by the parties concerned to the Bank till August, 1965 and had become time barred. Nevertheless, the amounts of the cheques were not written back in the cash book of the Collectorate.

2.24. The witness (The Chief Commissioner, Delhi) informed the Committee that out of Rs. 65 lakhs, Rs. 20 lakhs had been cleared. The balance i.e. Rs. 45 lakhs related to the period 1937 onwards and since the pre-1962 records were not available it would take sometime to locate those amounts and reconstruct the record. Those unpaid balances, the witness added, had been put in a Current Account in the State Bank, as they could not be deposited in the treasury as revenue deposits without necessary details.

2.25. In reply to a query the witness stated that the amount had been lying with the State Bank since 1955-56, and by an arrangement interest accrued on that. The witness, however, admitted that the amount could have been transferred to the fixed deposit account and thus earn substantially more interest.

2.26. In regard to non-entry in the cash book of 97 cheques for Rs. 59,325 issued during July, 1956, to January, 1965 and not presented for payment till August, 1965 the witness disclosed that 96 cheques had already been written back and only one cheque was outstanding. The witness also informed the Committee that action had been taken to ensure that in future the system indicated by Audit was followed.

He added that the instructions were already there for regularly scrutinising bank scroll to see that the cheque which had to be written back was not held back.

2.27 The Committee regret to note that proper records of the unpaid balances of awards and unpaid cheques had not been maintained in the Land Acquisition Collectorate, Delhi. The accumulated unpaid balances pertained to the period as far back as 1937. This clearly depicts a very unsatisfactory state of accounts in the Land Acquisition Collectorate and the Committee taken a serious view of it. The Committee are not able to understand why the full details relating to awards were not kept with the Collectorate and why the unpaid balances were not deposited into the treasury as revenue deposits as required under the rules. The Committee are left with the impression that the maintenance of proper records of these unpaid balances received no attention in the past and this failure requires looking into. Now that the Delhi Administration has appointed an officer on special duty to look into the state of accounts, the Committee hope that suitable measures will be taken to clear the old balances and also to ensure that such unpaid balances do not accumulate in future. They also hope that unpaid balances would now be deposited in the treasury as revenue deposit as required under the rules.

Embezzlement of funds—Para 53(d)—Pages 61-62.

2.28. A sum of Rs. 1.28 lakhs was fraudulently withdrawn from the Bank in December, 1964 by certain employees of the Collectorate by using three cheques out of twelve blank cheques stolen from a cheque book. The work relating to the custody of cheque books, writing up of cheques, etc., had been entrusted by the Collectorate to the subordinate officials, against the provisions of the standing orders, which enjoined that the cheque books should be kept under lock and key by the Land Acquisition Collectors themselves and that the cheques should be filled in by them in their own hand in words and in figures.

2.29. The Ministry informed Audit in January, 1966 that the case was under investigation by the police and that their vigilance officer had also been asked to hold a departmental enquiry.

2.30. The Committee were informed by the Chief Commissioner Delhi, that as a result of investigation, 11 persons had been sent to the police and three had been discharged for want of evidence. One person had turned approver and seven were standing trial in the court of sessions. Explanation of the concerned Land Acquisition Officer had been obtained on the basis of which proceedings against

the officials at fault were being instituted. In regard to the recovery of Rs. 1.28 lakhs, involved in the embezzlement, the witness said that since the cheques were forged it was being contested that the Banks were liable to make good the amounts. So far, the Banks had not agreed to pay but the case was being pursued with them.

2.31. In reply to a query it was stated that out of 12 cheques, three had been traced and about the remaining nine the Banks had been informed of the forgery.

2.32. The Committee regret to note that a sum of Rs. 1.28 lakhs was fraudulently withdrawn from the Bank in December, 1964 by certain employees of the Collectorate in this case. Since the case is sub-judice the Committee would not like to make any comment at this stage.

2.33. The Committee are however, left with an unfortunate impression that the unsatisfactory state of accounts in Delhi Administration had already assumed serious proportions and requires immediate drastic remedial measures. In another case, in the Department of Animal Husbandry (para 47 of Audit Report (Civil), 1966, paras 2.15 to 2.19 of their 59th of P.A.C. Report 1966-67), mis-appropriation of Government money aggregating Rs. 86,599 during the period June, 1962 to September, 1964 took place. That embezzlement was also facilitated primarily due to the non-observance of the various checks prescribed in the Central Treasury Rules. The Committee take a very serious view of the non-observance of the prescribed financial rules by the drawing and Disbursing Officers of the Delhi Administration, as it is this failure on their part that often leads to embezzlement of Government money.

2.34. The Committee desire that such failures on the part of the Drawing and Disbursing Officers to observe the prescribed financial rules should be viewed very seriously by Delhi Administration and suitable disciplinary action taken in case where they fail to do the same.

2.35. The Committee also desire that the Delhi Administration should issue suitable instructions to all the Drawing and Disbursing Officers impressing upon them the necessity of strictly observing the financial rules prescribed for them and also making it clear to them that any failure on their part to observe the prescribed rules would be taken a serious note of.

2.36. The Committee would also like to be informed of the results of the efforts initiated in this case to make good the loss from the bank which honoured these forged cheques.

Loss due to non-execution of a formal agreement—Para 58—Pages 67-68.

2.37. The Director of Supply and Transport, North East Frontier Agency, Rowriah issued a tender notice on 14th September, 1955 for the supply of rice and other commodities during the period from November, 1955 to November, 1956. The tender of a firm was accepted in November, 1955, and order for the supply was placed with the firm on 13th November, 1955 without getting a formal agreement executed.

2.38. As the supplier stopped supply, the Department had to purchase the commodities from the open market at the risk of the contractor, whereby a sum of Rs. 2.15 lakhs being the difference in cost became recoverable from the contractor in accordance with the terms of the tender notice. As the contractor failed to make good the loss, a suit was instituted against him on 6th April, 1958, which was dismissed by the court in June, 1960 with costs (Rs. 1,460) as no valid document or agreement could be produced binding the contractor for his lapses.

2.39. The contractor also filed a suit against the Department for his outstanding dues and got decrees in April and June, 1960 with costs. Consequently, the Department had to pay in January, 1961, a sum of Rs. 0.17 lakh as interest and cost of the suit etc., and an amount of Rs. 1,600 as interest for delay in payment of the decretal amount in addition to the outstanding dues. Government thus incurred a total loss of Rs. 2.35 lakhs (excluding a sum of Rs. 3,721 paid to the Government pleader) due to failure to execute a proper agreement with the supplying firm.

2.40. Explaining the background of the case, during evidence, the representative of the NEFA Administration stated that after a tender for supply of various commodities had been accepted, the firm, along with the intimation of acceptance, was asked to deposit the necessary security. To this the firm replied firstly, that their earlier outstanding bills be cleared; secondly that they were sending their representative to sign the agreement. Before the agreement was signed, the witness deposed, the supplies had started reaching. As the Director of Transport and Supply found them not upto the specifications laid down in the tender, he made certain cuts in the price of commodities, which the contractor contested. Then a suit was filed by Government which was dismissed by the Court on the grounds that the former had not been able to substantiate the failure of supply of articles according to specifications and the imposition of penalty by the Director was unjustified.

2.41. In reply to a question, it was stated that neither had the security been deposited nor had the agreement been signed. There was exchange of letters of agreement between one party to supply and the other party to accept.

2.42. Asked why even after five years responsibility for the loss has not been fixed, the witness (Secretary U.T.) replied that the Administration was under an impression that no departmental action was necessary as the officers concerned with the case had gone back to their parent offices. It was added that the NEFA Administration had since been asked to hold an enquiry and fix the responsibility.

2.43. It is surprising that supply orders were placed on the contractor without entering into any formal agreement with him and without obtaining the security deposit. The unusual hurry in placing orders with the contractor led to a loss of Rs. 2.35 lakhs in this case.

2.44. The Committee regret to note that inspite of this heavy loss in this case, no action was taken to enquire into and fix responsibility in this case. They hope that an enquiry into this case would be made now and action taken against those found responsible for this loss.

Loss of tinned milk—para 60, page 68.

2.45. During July, 1963 to October, 1963 the Director of Supply and Transport, N.E.F.A. received 5,291 quintals of tinned milk valued at about Rs. 12.11 lakhs from Army authorities for supply to various outposts in N.E.F.A. and Nagaland. Of this, 2,973 quintals of the milk valued at Rs. 6.35 lakhs were found unfit for human consumption and destroyed in pursuance of an instruction from the Army Headquarters received in December, 1963. The report regarding the disposal of the remaining quantity of 2,318 quintals is awaited (January, 1966).

2.46. The N.E.F.A. Administration had informed the Audit in August, 1965 that the bad quality milk was supplied by Army authorities and they cannot accept the responsibility and bear the loss; the matter was stated to be under correspondence with the Ministry of Defence.

2.47. The Committee were informed during evidence that 2,973 quintals of milk out of 5,291 quintals which was found unfit for human consumption, was supplied to N.E.F.A. by the Army authorities, when asked whether at the time of supply the Army authorities

specifically stated that the supplies were fit for human consumption, it was stated that no such specific statement was made but it was presumed that only those stuff were supplied which were sound. At a later stage the Army authorities themselves made an inquiry and declared the quantity in question unfit. The remaining 2318 quintals of milk was stated to have been consumed. These were issued to certain depots in the interior.

2.48. In reply to a question, the Committee were informed that 762 cases of tinned milk were despatched to N.E.F.A. Administration on 15th May, 1963. After the Board of Officers had segregated what was declared as good, there was no further loss due to damage or storage.

2.49. As the Committee have examined the matter in detail in their 37th Report (Third Lok Sabha), they do not wish to make any further comment on it here.

*Alleged misappropriation of Government money—Appendix I—
Item 2—Page 195.*

2.50. Two sums of Rs. 13,250 and Rs. 6,000 (totalling Rs. 19,250) were alleged to have been misappropriated in the office of the 10th Battalion, Assam Rifles, Mokokchung.

2.51. The amounts were deposited by contractors as security deposit for supply of rations during 1959-60 and 1961-62 respectively. In pursuance of repeated requests from them on conclusion of contracts for refund of the deposits, it was detected in the middle of 1964 that the amounts had been withdrawn already by the commandant from the treasury in March, 1961 and August, 1962 respectively for purposes of refund, but were kept out of account. The latter amount (Rs. 6,000) was, however, entered in the cash book on 17 June, 1964 and refunded to the contractor on that date. The other amount of Rs. 13,250 had neither been refunded into the treasury nor to the contractor till December, 1965. In November, 1965, the Administration informed Audit that the case was referred to the Special Police Establishment and that the investigation was in progress.

2.52. The Committee were informed by the witness (Secretary, Home Affairs) that the alleged misappropriation of Government money took place in 1962 but was detected in 1964 and was handed over to the SPE in 1965. The SPE had not completed the investigation so far. Stating reasons for delay in investigation, the witness stated that as a lot of time had elapsed between the date of detection

of alleged misappropriation and commencement of investigation, the necessary material on the case was not available.

2.53. Explaining generally, the reasons for delay in investigation by the SPE, the witness stated that one difficulty was that there was no complainant. Secondly many cases were referred to SPE long after the occurrence and thirdly the SPE had not been able to get good persons and so they had kept the posts vacant rather than fill them by those who were not competent.

2.54. The Committee would like to be informed of the results of the action taken in this case after the SPE had finalised its investigation. The Committee would, however, like to impress upon the Ministry the necessity of early finalisation of action in such cases as delays generally have the frustrating effect on the results of investigation and also make it difficult to take action against persons responsible for embezzlement/mis-appropriation.

Payment for supplies without proof of receipt—Page 195—Appendix I—Item 3.

2.55. During February—March, 1963, a Commandant paid an amount of Rs. 1.34 lakhs to 3 contractors for supply of rations to three outposts under the battalion against indents issued in October—November, 1962. Payment was made on the basis of certificate of receipt of articles furnished by the respective Wing Commanders as it was alleged that all records relating to stock and receipt of articles were lost. The contractors also could not produce the receipted indents to the Commandant in token of actual supply. It was noticed by Audit that payment included a sum of Rs. 22,095 on account of alleged supply of rations at Towang on the basis of indent issued on 10th November, 1962, when it was under enemy occupation (and had not been reoccupied till the end of March, 1963).

2.56. In March, 1964, the Department was requested by the Audit to investigate into the matter, and in November, 1965 the latter were informed that the case, "after due scrutiny" was being referred to the Special Police Establishment for further investigation and report.

2.57. During evidence, on being informed that the case was referred to the Special Police Establishment in December, 1965, the Committee asked why it had taken twenty months to investigate into the matter. The witness replied that the Audit Report was received in March, 1964, and the first enquiry was held in November, 1964, which took 8 months to complete. The report of that enquiry was reviewed by a board of officers under the Inspector General, Assam Rifles. The

board took another 8 months and desired that the matter be looked into by an investigating agency. The NEFA Administration after four months of the receipt of that report, referred the matter to the Special Police Establishment. The Home Secretary was of the view that the time taken was unreasonable and that it should have taken just 3 to 4 months. The witness added that after the result of investigation was known, action to prosecute those held responsible would be initiated.

2.58. The representative of the NEFA Administration explaining the delay in the matter at the initial stage stated that some of the officers who were commanding the Assam Rifles Wings had been posted away and were serving outside Assam.

2.59. The Committee asked that the case was entrusted to the SPE in December, 1965, nearly eight months back and what was the reason for delay in its finalisation. The witness stated that the investigation was still going on and assured that the Central Bureau of Investigation would be asked to complete the enquiry quickly.

2.60. The Committee consider it most unfortunate that the Administration should have taken a long time of about 20 months to come to a decision to refer the case to S.P.E. for investigation. Such a great lag of time between the commission of default and the investigation is bound to hamper seriously the probe and the subsequent follow up action. The Committee hope that the S.P.E. will be able to finalise its findings without loss of further time.

*Grant of small loans to political sufferers in Delhi—Pages 195-196—
Appendix I—Item 4.*

2.61. In terms of the Political Sufferers (Small Loans) Delhi Rules, 1958, loans, aggregating Rs. 80,300 were paid, during 1958-59 to 1964-65, through the Delhi Administration to 115 political sufferers to enable them to set up small trades and business.

2.62. A test check of the loan accounts conducted by Audit in July—August 1965 showed that the amount overdue for recovery as on 31st March, 1965 was Rs. 17,526 (including Rs. 1,411 on account of interest) from 72 loanees. Out of this, in 48 cases the loanees had not paid any instalment of the loans. No steps were also taken to verify that the loans sanctioned had been utilised for the purpose for which they were granted.

2.63. In 13 cases, recoveries of loans amounting to Rs. 8,810 were waived by the Ministry in March and June, 1965 on the ground that

the loanees were not in a position to repay the loans. The Ministry had stated (December, 1965) that the other cases were now being referred to the District Collection Officer for recovery as arrears of land revenue.

2.64. During evidence, the Committee were informed that the amount due for recovery on 31st March 1965 was Rs. 17,526 and to-date (20.7.1966) Rs. 3,465 had been recovered. Amount for which recovery had been waived was Rs. 3,385 and the amount still to be recovered was Rs. 10,676. The witness (Chief Commissioner, Delhi) added that the cases relating to the latter amount had been referred to the Collector, Delhi for recovery of outstandings as arrears of land revenue.

2.65. When asked which course would be better-recovery under the Public Demand Recovery Act or to write off the amounts, the witness stated that recovery should be made in the cases when it was possible. If those cases where there were no assets it should be recommended to the Ministry to write them off. The Committee were also informed that in the case of default in payment of instalments, an interest of six per cent was charged.

2.66. In reply to a question, it was stated that the loans were given to a maximum of rupees one thousand on the recommendation of the Political Sufferers' Relief Committee. The Delhi Administration could, however, sanction upto Rs. 2000. In response to another query it was stated that the Political Sufferer's Relief Committee was more or less nominated by the Home Minister's Advisory Committee for Delhi.

2.67. The Committee desired to be furnished with a note stating:—

- (i) whether applications received from political sufferers belonging to parties other than Congress Party were rejected;
- (ii) whether any loans were granted to political sufferers belonging to parties other than Congress Party;
- (iii) what is composition of the Political Sufferers Relief Committee and the party affiliation of each member;
- (iv) who appointed the Political Sufferers Relief Committee.

Information on the above points has been furnished by the Ministry and is at Appendix IV.

2.68. The Committee are surprised to observe that the Political Sufferers Relief Committee had been composed mainly of members belonging to one political party only. They feel that it would be in the fitness of things if the character of the Committee is made more broad based and representative.

CHAPTER III

MINISTRY OF INFORMATION AND BROADCASTING

Infructuous expenditure—para 62, pages 69-70.

3.1. On 3rd September, 1964, the Film Festival Directorate reserved 180 beds in the Ashoka Hotel for the period from 6th January to 22nd January, 1965 for the following categories of persons expected to attend the Third International Film Festival of India, 1965 to be held in Delhi from 8th January to 21st January, 1965.

	Number of beds reserv- ed.
(a) Foreign delegates (Guest invitees)	60
(b) Film critics, participants in symposia, etc. . . (Special invitees)	40
(c) Businessmen and others connected with filmindustry (Non-guests expected to attend at their own ex- pense).	80

Out of these 180 beds, as many as 91 beds (52 reserved for invitees and 39 for non-guests) were not utilised at all owing to arrival of fewer persons than anticipated. Also, the remaining 89 beds were not fully utilised for the entire period due to late arrival or early departure of the participants.

3.2. The extra liability incurred by Government in respect of the unutilised accommodation amounted to Rs. 1.13 lakhs. However, on a request by the Ministry, the Hotel authorities sold part of the reserved accommodation and afforded a credit of Rs. 0.61 lakh to the Directorate, leaving a net infructuous expenditure of Rs. 0.52 lakh, which had to be borne by Government. This could have been largely avoided if the Directorate had gone in for advance booking on a smaller scale as advised by the Ministry of Finance on 11th September, 1964 or if the accommodation had been booked on receipt of firm confirmation about participation.

3.3. Explaining the circumstances under which the organisation of the Film Festival could not be postponed till all the formalities like recognition of the festival and acceptance of foreign countries etc. were completed, the Secretary of the Ministry stated that this festival was the first competitive and exclusive film festival to be held in the country. As the intention was to hold this festival in

November, 1964, the Festival Directorate applied for recognition of International Federation of Film Producers' Association on 18th January, 1964. On certain points raised by the International Federation of Film Producers' Association on 27th March, 1964, it was decided to hold the festival in January, 1965, more so, when the climate of the country was more congenial. The Secretary added that the Festival Directorate had applied to the Ashoka Hotel even in January 1964, for reservations in November, 1964, but the reservations were not available according to their requirements. "This probably made our Festival Directorate more anxious to secure full reservation." The witness added that it was true that the rules were finalised by June, 1964, quite late; and the recognition of the International Federation of Film Producers' Association was still pending. Then the Information & Broadcasting Ministry requested the Ministry of External Affairs to circulate the rules to foreign countries. This was done on the 3rd August, 1964 and invitations were issued to 71 countries requesting them to send two delegates each. The implication was that these two invitees alone would be treated as Government guests. These countries took a long time to take a decision to participate. Finally, only 29 countries accepted the invitation and the number of delegates fell short of expectations. Although the countries were requested to send their acceptance by 31st August, 1964, the acceptances did not come by that date. On the 16th of September, they were compelled to extend the last date for intimating particulars, because of the poor response, to 30th September, 1964. The last date for the filing of entries had also to be extended to 22nd October because of the same reason. Because of the poor response, entries continued to be accepted even after that date.

3.4. The witness further added that the Ministry had to have consultations with other Ministries and the names of the invitees were not finalised by 4th September, 1964. The Jury was selected at a meeting on 5th September, 1964, but the invitations were finally extended after the approval of all the parties on 19th October, 1964. Two refusals came and the final jury list was made on 5th January, 1965. The festival opened on the 8th January, 1965. Invitations to special invitees were extended on 28th October, 1964. Invitations to participants in the symposia were issued on 13th November, 1964.

3.5. As for the postponement of the festival till all the formalities were over, the witness added that it was not possible to postpone the festival further, as this was the first competitive festival to be held and the honour of the country was at stake. Once a date was fixed for an international body and invitations issued on 3rd August, 1964 through External Affairs Ministry, there was certain amount of obligation to respect that date.

3.6. In reply to a question, the Committee were informed that on 6th June, 1964 the Ministry approached Ashoka Hotel for reservation of 250 rooms. The hotel authorities had also informed the Ministry that, cancellation of the accommodation reserved, would be allowed four months in advance i.e. by the 4th September, 1964. But, the witness added, that the reservations of rooms made were allowed to continue beyond that date as the Ministry was not in a position to know the exact number of persons attending the festival till the very end i.e. 6th or 7th January, 1965. So, the witness admitted that even if the hotel authorities had allowed the Ministry to cancel the accommodation already reserved by the end of December, 1964, instead of September, 1964, it would not have helped the Ministry in cancelling the accommodation reserved for the participants in the festival.

3.7. In reply to a question, the witness stated that invitations were issued to 71 countries with a request to send two delegates to attend the festival. Out of these 71 countries, 29 countries accepted the invitation but they also did not indicate the number of delegates attending the festival. The invited countries were required to intimate their acceptances by 22nd October, 1964, but acceptances were received even after that date. On this the Committee pointed out that the Festival Directorate was not responsible for arranging accommodation for these countries whose acceptances were received after 22nd October, 1964. Thus the Festival Directorate was in a position to know by the middle of November, 1964 their actual requirements of accommodation which should have been intimated to hotel authorities for necessary action. The witness admitted that "technically that would have been correct," but it was not thought proper to do so since this was the first festival to be held in the country.

3.8. Upon this the Committee pointed out that the Festival Directorate should have reserved accommodation for these 29 countries plus for some more countries which might decide to join the festival at the last moment and as the acceptance was received only from 29 countries, the Ministry should have gone into this matter and reduced the reserved accommodation. The witness stated, "I admit there is no direct answer to this question."

3.9. As regards the actual loss suffered by the Government due to excess reservation of accommodation, the witness stated that the total bill of Ashoka Hotel was for Rs. 1,12,710. On 1st January 1965, at the instance of the Festival Directorate, the hotel authorities sold accommodation to the tune of Rs. 60,755 thus leaving a bill for Rs. 51,955. Out of this, the accommodation not used due to late

arrivals and early departures of guests amounted to Rs. 13,470. Then the loss arising out of accommodation reserved for the Indian Film Industry personnel and other non-guests, who used it only for a part of the period, was Rs. 21,635. The witness stated that the actual loss to Government due to non-utilisation of rooms reserved for guests and non-guests and which might be due to their desire to be on the safe side, was Rs. 16,850.

3.10. The witness added that the Ministry of Finance had first suggested the reservation of 150 beds but later on agreed to 200 beds. The Ministry of Information & Broadcasting actually reduced the number of reservation to 180 beds. The Committee pointed out that the Ministry of Finance had cautioned the Ministry of Information & Broadcasting to go in for reservation on a small scale. The witness stated ".....at the time the decisions were being taken I feel looking back on the past and reflecting on the past we did a little over-booking on the non-guests side of the film industry. We might not have taken the responsibility, but since it was a competitive film festival that was being held for the first time, we thought we should play safe and we played safe and we over-booked as it turned out to be later on."

3.11. The Committee asked the reasons for retaining the reserved accommodation even after 22nd October, 1964 by which date the invited countries were required to intimate their acceptance. The witness stated that the Festival Directorate might have surrendered more accommodation than was surrendered on 1st January, 1965 to the hotel authorities. Taking into consideration the circumstances at that time it was not considered appropriate to surrender that accommodation though later events proved otherwise.

3.12. The Committee desired to be furnished with a list of persons who accepted the invitation to attend the Film Festival held in January, 1965 after the expiry of date of acceptance as given in the invitation. i.e. 22nd October, 1964.

3.13. In the note submitted at the instance of the Committee vide Appendix V, it is stated that invitations were issued to countries and not to individual delegates. Intimation of decision to participate in festival was to be received by 30th Sept., 1964, entry form by 22nd October, 1964 and particulars of delegates by 31st October, 1964.

3.14. Out of 29 countries, acceptances of 19 countries were received for participation in the festival only after 30th September, 1964, which was the date fixed for the purpose. Similarly, particulars of

delegates were received only in respect of one country by 31st October, 1964.

3.15. In reply to another question, the Committee were informed that invitations to foreign delegates (representing 71 countries) were issued on 3rd August, 1964 through the Ministry of External Affairs. These foreign delegates were required to intimate their firm acceptance by 31st October, 1964. The invitations to participants in symposia, film critics were sent on 13th November, 1964 and they were required to intimate their acceptance immediately.

3.16 On being pointed out by the Committee that in most of the cases replies to the invitations were received by the middle of December, 1964, the witness promised to furnish a statement showing the dates on which acceptances to attend the festival were received from the invitees.

3.17. In the note* submitted by the Ministry vide Appendix VI it is mentioned that the last invitation to a member of jury was issued on 24th December, 1964 and the reply received was as late as 30th December, 1964. In reply to another question, the Committee were informed that by 1st January, 1965 no guest had arrived since the festival was to start from 8th January, 1965.

3.18. The Committee enquired the basis on which 80 beds were reserved for the persons connected with the film industry, who were expected to attend the festival at their own expense. The witness stated that this was as a result of discussion between the Ministry and the Film Federation of India. Asked whether the Federation had asked the Ministry in writing to reserve 80 beds, the witness replied in the negative. The Committee then referred to a noting dated 27th February, 1965 from which it was clear that the estimate of reserving 80 beds was that of the Ministry of Information and Broadcasting and not of the Film Federation of India.

3.19. On being pointed out that the Ministry could have contacted the Film Federation before the start of the festival in order to know the definite number of persons attending the festival through its auspices so that surplus accommodation could be surrendered, the witness stated, "We should have done that."

*Not vetted by Audit.

From the evidence, the Committee find:

- (i) that for a competitive and exclusive festival to be held for the time in the country in January, 1965, the rules were finalised as late as in June, 1964 and these were circulated to foreign countries only in August, 1964, i.e., after a lapse of two months;
- (ii) that the Ministry in its zeal and fervour to hold the festival on the scheduled dates proceeded to book hotel accommodation for the prospective invitees inspite of the fact that no recognition had been received from the International Federational of Film Producers' Association which was a pre-requisite for the festival by then;
- (iii) that the Ministry asked Ashoka Hotel to reserve accommodation of 250 rooms as early as in June, 1964 whereas the invitations to certain categories of invitees were issued as late as November, 1964, hardly two months before the commencement of the festival. Thus in June, 1964, at the time of making a request for reservation of the accommodation, the Ministry had no definite idea of the number of invitees who would attend the festival. Not only that, the Ministry had no idea as to whom they were going to extend invitation. Under these circumstances, it is not clear as to how the Ministry decided the extent of accommodation to be reserved in the Ashoka Hotel. Ultimately, however, only 180 beds were reserved and they too proved excessive.
- (iv) The Ministry of Finance had cautioned against making huge bookings which unfortunately were not given due attention by the Directorate, who preferred to go ahead with their own plans. If the suggestion of the Ministry of Finance had been accepted, the loss suffered by Government would have been much less.
- (v) The Ministry do not appear to have made any effort to secure cooperation from other premier hotels in the Capital to meet their emergency requirements arising out of the last minute arrivals of the delegates.

3.20. The Committee feel that in their desire to play safe, the Festival Directorate over-booked the hotel accommodation in this case. Further they are left with the unfortunate impression that the festival was organised without drawing a detailed and definite plan well in advance.

3.21. From the very beginning the events had indicated that the festival would not get as many participants as the Festival Directorate were hoping because the response till 30th September, 1964, was very poor, as a result of which the dates of entry, etc., had to be extended. This itself should have cautioned the Directorate to be realistic in their approach.

3.22. However, in the beginning of November, 1964, when the acceptance had been received only from 29 countries as against 71 countries to whom the invitations were issued, the Film Directorate should have initiated some action in reducing the accommodation which they reserved for the delegates. The Committee regret to note that no such action was taken till the first week of January, 1965 and even at that stage all surplus beds were not released.

3.23. The Committee also do not appreciate the action taken by the Festival Directorate in reserving 80 beds for non-guests i.e., persons connected with the Film Industry as they were neither the guests of the Festival Directorate nor they had asked for the reservation of the accommodation for them. The Ministry, however, as a result of verbal and general discussion with the Film Federation of India reserved hotel accommodation for these persons and thus entailed a lot of expenditure from the Government Exchequer which would have been otherwise avoided.

3.24. The Committee feel that if the Ministry had shown equal zeal and enthusiasm which they had shown in reserving the accommodation in coordinating matters even for inviting the foreign delegates, much of the infructuous expenditure could have been avoided. It is surprising that at no time the Ministry had ever tried to review their progress and revise their needs for accommodation.

3.25. As a result of all these the Government had to suffer on two counts—for payment of accommodation which was not utilised (about Rs. 52,000 in this case) and being deprived of the foreign exchange which the country could have earned had this accommodation been allotted to some foreign tourists. The Committee hope that the Ministry will draw a lesson from this case and for any such festivals to be organised by them in future they would exercise utmost care and caution to ensure that the lapses which occurred in the present case are not repeated.

Children's Film Society—para 135, pages 158—161.

3.26. Mention was made in paragraph 93 of the Audit Report (Civil), 1963 and paragraph 100 of the Audit Report (Civil), 1965 of certain irregularities in the maintenance of accounts of raw stock of films, non-verification of stocks, high cost of production, avoidable expenditure on purchase of equipment, etc.

3.27. A detailed enquiry into the affairs of the Society, conducted by the Controller of Films Division in May-June, 1965 in the light of the irregularities pointed out in the audit inspection reports for the period 1955-56 to 1961-62, disclosed that the Society had sustained losses amounting to Rs. 1.25 lakhs as detailed below:

	Amount Rs.
Unnecessary preparation of additional prints of films, etc. not utilised	57,016
Loss of scripts, dialogues, prints, rawfilm, equipment, books, etc.	34,630
Infructuous expenditure on the film "Cauvery" (The production of the film was undertaken in March, 1963 but was abandoned in July, 1964 on the consideration that the subject matter would not be of interest to children.)	12,425
Excess payment of salary, T.A./D.A. etc., to Officials	11,360
Non-accountal of cash award (\$ 1,000) given by the International Film Centre	4,762
Miscellaneous losses including losses due to tampering with vouchers, fictitious payments, etc.	4,882
TOTAL	1,25,075

The action taken by the Ministry on the report of the enquiry was awaited till January, 1966.

3.28. The Committee enquired about the steps taken to recover the losses suffered by the Society. The Secretary of the Ministry stated that as regards the loss of 1,000 dollars, a suit was filed against the ex-General Secretary of the Society on 29th July, 1965. As regards the loss of Rs. 1.25 lakhs, the witness added that the extracts from the enquiry report of July, 1965 were sent to the Society on 16th August, 1965. The Ministry also directed that the report be placed before the Executive Council and this was done on 28th October, 1965. The Council met on that date and took some action. The Society took legal opinion also on each point. The Controller of Films Division in the second examination of his report in March, 1966 had excluded certain items to the tune of Rs. 18,000. This fact was also circulated to the Members of the Executive Council of the Society on 3rd May, 1966. On 28th June, 1966 the Executive Council

was dissolved and further action was awaiting the re-constitution of the Executive Council of the Society. No criminal proceedings were launched as the Society did not take any opinion whether criminal proceedings should be instituted against the ex-General Secretary of the Society. The witness stated that the matter was presented before the Ministry of Law and also before the Legal Officers. They advised only a law suit and even with regard to the law suit, the then Secretary of the Ministry of Law was doubtful whether it would be fruitful. The criminal proceedings were not recommended by the legal adviser and by the Ministry of Law.

3.29. The Committee desired to know the opinion of the Ministry of Law in regard to the misappropriation of funds of the Society. The witness stated that the opinion of the Ministry of Law was obtained only in connection with the loss of 1,000 dollars. The witness further stated that the opinion of the Legal Adviser was that there was neither misappropriation of funds nor of property of the Society except for 1,000 dollars. There was only mismanagement of funds of the Society, so criminal proceedings for confiscation of property or misutilisation of property was not established.

3.30. The Committee regret that their earlier recommendation made in para 4.5 of their 42nd Report (Third Lok Sabha) was not taken seriously by the Ministry. They fail to understand as to why legal opinion was obtained only in the case of loss of 1,000 dollars. As a matter of fact that the legal opinion should have been obtained on all the cases of losses and misappropriation committed by the Society. The Committee desire that this should be done and appropriate action taken.

3.31. The Committee then drew the attention of the witness to page 158 of the Audit Report (Civil), 1966 wherein it was stated, "miscellaneous losses including losses due to tampering of vouchers, fictitious payments, etc.", and enquired whether these were not considered criminal offences by the Ministry. The witness stated that the Ministry was unable to take direct action. The Ministry had been pressing the Society to take action in this matter. Unless the Society was taken over by the Government, the Ministry could not take any action directly in this case. The Committee invited attention to para 4.44 of their 42nd Report (Third Lok Sabha) and pointed out that in view of that, there was no scope for further legal opinion. The Secretary stated, "the Society considered this recommendation and took no action on that. They did not contemplate taking any legal action".

3.32. The Committee pointed out that the responsibility of the Ministry in the matter did not end with their passing on the matter to the Society. They must ensure compliance with the recommendation of the Public Accounts Committee. The witness promised to pursue the matter and added that as soon as the Society was reconstituted, the Ministry would again press the Society to launch the criminal proceedings.

3.33. The Committee pointed out that the Government was adequately represented on the Executive Council of the Society and as such there should have been no delay in deciding to launch criminal proceedings against the main delinquent of the Society. The witness promised to refer the point to the Ministry of Law for their opinion.

3.34. The Committee asked whether other Ministries had been instructed not to give any money or grant to societies with which the ex-General Secretary, who was responsible for the misappropriation of funds of the Children's Film Society, was associated. The witness informed the Committee that it was done in case of a criminal certified by a court of law. The witness, however, promised to take legal opinion on this point.

3.35. The Committee are surprised to learn that the Ministry could not advise the Children's Film Society to take action on their recommendation made in para 4.44 of the 42nd Report (Third Lok Sabha) and also in cases of misappropriation of funds by the Society. When the Society as depending on the grants given by the Ministry for its working and when the Government was adequately represented on its Executive Council, it becomes all the more surprising that the Society was beyond the control of the Ministry. In these circumstances, the Committee would suggest that the Ministry should either consider the taking over of the Society so that its affairs may be brought under effective control or stop giving further grants to the Society till proper action is taken on the recommendations made by the Committee.

3.36 The Committee would also like to reiterate their recommendation made in paras 4.43, 4.44 and 4.46 of their 42nd Report (1965-66) and stress the necessity of taking prompt action in this case.

Delay in production of a film and avoidable expenditure—sub-para (a), pages 159-60.

3.37. In October, 1962 the Society decided to produce a puppet film entitled "As you like it", about 900 feet in length, at an estimated cost of Rs. 34,490. The contract for production, including 2000 (Aii) L.S.—4.

provision of scripts, animation of puppets, etc., was awarded to a private producer on 22nd July, 1963 and the Society was to provide the requisite facilities and staff to complete the film. Although it was stipulated in the contract that the film was to be completed within 7 months i.e. by 21st February, 1964, the length of the film shot upto that date was only about 267 feet.

3.38. The shooting of the film, which started only late in September, 1963, had to be suspended, first, for about 2 months from 17th November, 1963 to 22nd January, 1964 due to delay on the part of the Society to provide raw material to the producer and again, for 7 months from 1st August, 1964 to 28th February, 1965, owing to failure of the Society to arrange for a studio. (The studio, hired earlier in September, 1963 at the rate of Rs. 400 per mensem plus electric charges, had to be vacated on expiry of its lease on 10th August, 1964 and alternative accommodation for Rs. 12,000 for seven months could be arranged only in March, 1965). A total expenditure amounting to Rs. 13,915 was incurred on salaries of the staff, maintenance allowance to the producer, etc., during the periods of suspension of the work.

3.39. In January, 1965 the length of the film was increased from 900 to 1,500 feet and the estimated cost of production was also raised from Rs. 34,490 to Rs. 86,950. According to the terms of the original contract, the producer was to be paid a total sum of Rs. 13,500 (fixed on the estimated length of 900 feet @ Rs. 15 per foot) plus maintenance allowance @ Rs. 450 per mensem for six months from 22nd July, 1963. He was, however, paid *ex-gratia* allowance @ Rs. 300 per mensem over and above the contractual amount from March, 1964 to August, 1964. On account of further delay in completion of the work, the producer demanded a revision in the terms of his contract and it was agreed to allow him (i) maintenance allowance @ Rs. 1,000 per mensem from 1st September, 1964 to 31st July, 1965 or date of the completion of the film whichever was earlier (ii) payment at the rate of Rs. 15 per foot upto a maximum of 1,500 feet of completed film; and (iii) a bonus of Rs. 3,000 to Rs. 3,500 in case the film was successfully completed and was of good quality.

3.40. The expenditure on the production of the film upto 31st August, 1965 amounted to Rs. 0.64 lakh. The Ministry informed Audit in January, 1966 that the film had been completed and was ready for censor.

3.41. The Committee enquired whether any responsibility had been fixed for the lack of proper planning as a result of which the production of the puppet film was unduly delayed. The Secretary of the Ministry read before the Committee the following adverse remarks by the office bearers of the Society about the delay and the defective planning of the picture itself.

"I have a very unhappy feeling about this film. The fact is that almost before the start of the shooting of this film, the Producer knew that the film was going to be more than 900 ft. But this fact was not brought to the notice of Production Committee either because the Producer deliberately tried to conceal this fact or because the Producer incharge did not attach any importance to this aspect of the matter. If the film was to be more than 900 ft. and if it was clear by the end of November, 1963 that the film could not be completed in the estimated period of seven months as stipulated in the contract, the Production Committee should have been informed.

The other fact which is very disquieting is that, although no progress was made after 250 ft. were shot by the end of November, 1963, the Producer was continued to be paid....."

Another note was as follows:

"A few days before the last meeting of the Production Committee, the producer came to my office and tried to explain the things regarding the puppet film he is making for the Children's Film Society. He told me that since the film centre was not able to process the rushes in time, he was not able to finish the film according to the schedule. The delay, according to him, was due entirely to the rush of work at the laboratory which made it impossible for them to attend to such jobs. I explained to the producer that there was definitely something wrong with the planning of this film and whether we place the blame at the door of the Society or the Producer one

thing was certain that there has been a lot of lethargy and taking-things-easy attitude in the matter of this film. If the film centre were not in a position to deliver the goods in time, steps should have been taken to make alternative arrangements. Gemini's laboratory in Madras has been in commission and we could utilise their services."

3.42. The Committee enquired about the particulars of the film under production. The witness stated that the shooting of the film started on 16th October, 1963 and was expected to be completed by 16th May, 1964. The original length of the film was 900 ft. and the estimated expenditure to be incurred on the production of the film was Rs. 34,490. The Committee were further informed that the revised length of the film was 1,598 ft. The film was completed in December, 1965 and the total expenditure involved was Rs. 91,130.

3.43. In reply to a question, the witness stated that the film was entered in the Film's State Awards Competition and it received an award. The film had not so far been released as it was a short and there were certain formalities to be completed for shorts.

3.44. It is apparent that from the very beginning it was known to the producer that the film would be more than 900 ft. in length and that it could not be completed within a period of 7 months as stipulated in the contract. Eventually, the film was shot to a length of 1,598 ft. and the expenditure came to Rs. 91,130 against the original estimated cost of Rs. 34,490. The Committee further note that the contract was revised half way through and the rates of payment were revised in favour of the producer as stated earlier.

3.45. The Committee note that the producer did not disclose full facts about the length and the time to be taken in shooting this film. It is also not very clear as to how and why the provision of *ex-gratia* allowance in the first contract and of bonus allowance in the second contract was provided for. Due to intermittent suspension of work, an avoidable expenditure of Rs. 13,915 had to be incurred on pay and allowances of staff etc. The Society had placed, it appears, much reliance on what the producer had stated and never thought it necessary to get it verified by other sources.

3.46. The Committee regret to note that no efforts were made at any stage to hold a thorough enquiry into the matter and fix responsibility on the persons concerned for the various lapses. The Committee are of the view that the Ministry should exercise better

control on the working of the Society and ensure that such infructuous expenditure is not incurred in future. It is desirable that before such contracts of technical nature are entered into, all the technical details and requirements are properly worked out in advance in order to ensure that the terms of the contract are fulfilled as per schedule, which should be realistic.

Miscellaneous—sub-para (d) (ii). pages 160-61.

3.47. During July, 1958 to September, 1960 four children's films costing about Rs. 3,450 were sent for publicity and exhibition purposes to the Indian High Commission, London, from where these were diverted for exhibition in the International Film Festival—Milan, Italy. The films were shipped back to India in October, 1962. Although the consignment arrived at Bombay docks in November, 1962, it was not cleared by the Society and was reported in October, 1965 to be missing.

3.48. The Society had intimated in October, 1965 that the shipping company, who also made attempts to locate the missing parcels, had regretted their inability to entertain any claim.

3.49. The Committee enquired whether the disciplinary aspect of the case was examined. The Secretary of the Ministry stated that the Society did not go into that aspect but agreed to write off the loss at their sittings held in March, 1966. The witness further stated that as soon as the Society was re-constituted, the Ministry would again ask the Society to see whether any disciplinary action could be taken. The witness regretted the delay in conducting the enquiry.

3.50. In reply to a question, the witness stated that the films were sent by the Indian Embassy at Rome. The films were despatched in 1962, but no enquiry was made by the Society until December, 1963. Then the Government were under the impression that the films were in Bombay whereas the correct information was that the films were shortlanded. The Customs authorities proceeded against the shipping company for shortlanding for Rs. 6,000. These films were not insured. The witness further added that no enquiry was held to know as to why these consignments were not insured. The Children's Film Society had admitted that they did not insure these films. The witness, however, promised to enquire from the Children's Film Society as to why it was not considered necessary to insure these films. The Committee were further informed that they had not received the bill of lading in this case.

3.51. Asked as to why the shipping company refused to entertain any claim for the loss of the films, the witness stated that the shipping company did not entertain the claim as it was time-barred because of the fault of the Society. The consignments were booked to the Children's Film Society.

3.52. The Committee regret to note that the following lapses took place one after the other in this case, but the Ministry did not take any action in the matter:

- (a) even though the films were despatched in October, 1962; no enquiry about its receipt was made till December, 1963;
- (b) the films were not insured;
- (c) the Children's Film Society had not taken any interest to press the claim against the shipping company with the result that the case became time-barred and the shipping company refused to entertain the claim for payment on account of the loss of film;
- (d) still more curious is the fact that the Society had decided to write off the loss and did not care to fix responsibility for such a lapse.

The Committee urge that the whole case should be re-examined with a view to fix responsibility for the various lapses that had occurred.

Misappropriation of Government money and improper maintenance of stock accounts—Appendix I, pages 196-97.

3.53. A special audit of the accounts of the Regional Office of the Publications Division at Bombay for the period July, 1961 to October, 1964 conducted during November-December, 1964, at the instance of the Department, brought out the following irregularities:—

- (i) A sum of Rs. 11,588 was misappropriated in 165 cases by non-deposit/short-deposit of sale proceeds into the bank or short-accountal or non-accountal of receipts in the cash book. In addition, in 12 cases an amount of Rs. 1,570, received as sale proceeds, was suspected to have been misappropriated, but the exact position in this regard could not be ascertained for want of complete details.
- (ii) A number of books had been charged off from the stock registers either in excess of or less than the actual issues.

In the 'issue' and 'balance' columns of the registers, there were a large number of cuttings and over-writings. In some cases, postings in the stock registers appeared to have been interpolated after a time lag of a year or more, while in nine cases, issues were shown even though the stock registers indicated insufficient or 'Nil' balances. The postings in the registers had also not been attested by any official.

- (iii) In several cases, individual ledger accounts of the parties were either not credited or debited at all or were short/excess credited or debited. The ledger balances were not got accepted by the parties concerned at any time. The postings in the accounts were also not attested or reviewed by any official.

3.54. The misappropriation, etc. was rendered possible by non-observance of codal provisions about handling of cash, maintenance of cash book, receipt books, issue of receipts etc., absence of a procedure for reconciliation of the remittances to the bank as recorded in the cash book with the records of the Pay and Accounts Officer and also of the books, etc., supplied and received by the Bombay office.

(The Ministry intimated in November, 1965 that the account clerk-cum-cashier had been convicted and sentenced to undergo one year's rigorous imprisonment and that services of the supervisory officer (non-gazetted) were terminated with effect from 13th July, 1965).

3.55. Most of these irregularities were pointed out by Audit to the Department thrice i.e., in July, 1961, November/December, 1962 and October/November, 1964, but no steps were taken to set right the irregularities.

(Responsibility for not taking any action on the irregularities pointed out by Audit after July, 1961 was to be fixed even in November, 1965).

3.56. The Committee enquired as to why no immediate attention was paid to the irregularities committed in the Regional Office of the Publications Division Bombay. The Secretary to the Ministry stated that this Office was set up in May, 1959. Its special audit report covering the period 1959 to July, 1961 was received on 30th September, 1961. On receipt of this report the Ministry requested the Director, Publications Division to look into the points raised by

Audit. The Director, Publications Division replied to these points in May, 1962. Comments of A.G.C.R. on the replies sent by the Director, Publications Division were received on 4th June, 1962. The Ministry reminded the Publications Division finally in regard to the reply of A.G.C.R. on 19th July, 1962. The witness further informed the Committee that in the meantime the responsibility was fixed in this matter and instructions were issued. The Officer-in-charge was non-gazetted. The witness, however, admitted that the Ministry should have instead appointed a gazetted officer, which was done much later.

3.57. As regards the present position, the witness stated that detailed instructions regarding the procedure of maintenance of cash books, verification of remittances had been issued to all the Regional Distribution Offices. Orders regarding the maintenance of statements were issued in December, 1965. The witness added that these instructions would put rigorous order in the whole system of checking and counter-checking.

3.58. In reply to a question, the Committee were informed that the supervisory officer (non-gazetted) whose services were terminated, had put in seven years service. The Officer was not directly responsible in this matter but he was negligent. The witness further added that since this officer was not conducting his work properly and was a temporary hand, his services were terminated with effect from 13th July, 1965, under Rule 5 of the Central Civil Services (Temporary Services) Rules, 1965. The witness further added that they did not call explanation of this non-gazetted officer, nor did they make formal charges.

3.59. The Committee note that the Accounts clerk-cum-cashier who was responsible for misappropriation of Government money in this case had been convicted and sentenced to undergo one year's rigorous imprisonment. They also note that the services of the Supervisory Officer (non-gazetted) were terminated *w.e.f.*, 13th July, 1965.

3.60. During evidence it was deposed that the Supervisory Officer, whose services were terminated, had put in 7 years of service and that no explanation was called from him or charges framed against him before terminating his services under Rule 5 of the Central Civil Services (Temporary Services) Rules, 1965. The Committee feel that in fairness, the Government should have given an opportunity to the Supervisory Officer to explain his conduct before terminating his services. They hope that this aspect will be kept in view by the Ministry while dealing with such cases in future.

3.61. The Committee would also like to know as to whether any responsibility has been fixed for not taking action on the irregularities pointed out by Audit after July, 1961.

3.62. The Committee hope that the instructions now issued regarding maintenance of cash books and remittance of amounts into treasury would be implemented scrupulously and there will be no scope for such lapses in future.

AUDIT REPORT (COMMERCIAL) 1966

Films Division, Bombay

Irregularities in the payments and in the maintenance of Cash Book—Section XXIX, Pages 280-81.

3.63. During local audit of the accounts of the Division for the periods from October, 1958 to September, 1959 and October, 1959 to November, 1960 conducted during the periods from 13th October, 1959 to 19th December, 1959 and 7th December, 1960 to 21st January, 1961, respectively, certain serious irregularities in the maintenance of the Cash Book were pointed out. Consequently, the Division carried out an investigation of the cash transactions for the period from December, 1959 to June, 1961 which established that the rules regulating the maintenance of the Cash Book were generally not followed by the Division. A special audit of the cash transactions for the period from 1st April, 1959 to 31st March, 1962 conducted, at the request of the Division, between June and October, 1964, revealed that there was a shortage in the actual cash balance to the extent of Rs. 14,305 and that payments aggregating Rs. 23,521 were not supported by proof of payment.

3.64. The Division lodged a claim in October, 1965 for Rs. 37,826 with the Insurance Company which had guaranteed the fidelity of the Cashier.

3.65. The Ministry stated in December, 1965 that "the then Assistant Accounts Officer and the Cashier are under suspension and further disciplinary proceedings can only be taken after receipt of the investigation report from the Special Police Establishment which is still awaited".

3.66. Explaining the action taken in the case, the Secretary of the Ministry informed the Committee that the then cashier had been relieved of his duties. An auditor from the office of the Director of Commercial Audit was appointed on deputation to make a thorough investigation of the cash transactions for the period December, 1959

to June, 1961. In his report dated the 29th June, 1963 it was pointed out that there was a shortage of cash to the extent of Rs. 12,052 on account of excess and double entries in the cash book and that there was no proof of payments for amounts aggregating to 64,649.

3.67. As regards the settlement of the claim of Rs. 37,826, the Committee were informed that a claim for that amount had already been preferred in October, 1965 on the Indian Insurance Company Association Pool, Bombay from whom the cashier had taken a fidelity guarantee. The Pool was also informed that the case had been referred to the S.P.E. for investigation and the departmental enquiry would follow the investigation.

3.68. In reply to a question, the witness stated that the Insurance Pool had not disowned the claim preferred by the Films Division. The claim would be considered after the receipt of the copy of departmental order as well as the action taken by S.P.E. against the cashier as the insurance company would also need proof that the cashier himself was guilty.

3.69. The Committee then desired that a note might be furnished giving the circumstances under which the pool could refuse payment to the Films Division against the fidelity insurance policy of the cashier. In the note which has been furnished by the Ministry it has been stated that the Ministry of Law have since advised that if sufficient proof had been made available against the officer, the claim can be pressed against the Insurance Company even if the Departmental proceedings have not been concluded. The Insurance Company have nothing to do with such proceedings nor are the findings of the Inquiring Officer binding upon it, although this may have some persuasive effect on the Company. Accordingly, Films Division have been asked to press their claim for payment of the fidelity guarantee with the Insurance Pool.

3.70. The Committee note that the Ministry of Law have since advised that if sufficient proof had been made available against the officer, the claim could be pressed against the insurance company even if the departmental proceedings had not been concluded. The Committee desire that Films Division should press their claim for payment of fidelity guarantee with the Insurance Pool.

3.71. The Committee would also like to be informed of the action taken against the persons found responsible for misappropriation as a result of the report of the S.P.E. in this case.

3.72. It is also surprising that the Ministry failed to take notice of the irregularities in the maintenance of the cash book as pointed out by Audit during 1959-60. The Committee deprecate such tendency on the part of the Ministry of ignoring such financial irregularities even when pointed out. They would like that responsibility be fixed for the lack of timely action on the irregularities as pointed out by Audit.

CHAPTER IV

MINISTRY OF IRRIGATION AND POWER

Award of certain works to the National Projects Construction Corporation in the Farakka Barrage Project—Para 82—Pages 91-92.

4.1. The following two works were awarded to the Corporation in August, 1963 by the Farakka Barrage Control Board (set up in April, 1961 for efficient, quick and economic execution of the Project):—

- (1) Upstream navigation lock (costing Rs. 2·5 crores); and
- (2) Barrage (right bank)—12 Bays and Head Regulator (costing Rs. 12 crores).

(a) *Award of contract:*—(i) The works were entrusted to the Corporation at cost plus 20 per cent overheads, pending execution of a formal agreement; a draft of the agreement was drawn up only in January, 1965 on the basis of negotiations conducted with the Corporation during August-November, 1963, which was approved by Government in June, 1965.

(ii) The Corporation did not agree to a pre-check of their initial records and accounts from which the cost bills would be prepared and submitted to the Project for payment from time to time. They agreed, however, that the Financial Adviser and Chief Accounts Officer of the Project would carry out current post-audit of bills, and that wherever any overpayment was established and mutually accepted, it would be adjusted in future bills. The post-audit by the Financial Adviser had not commenced till June, 1965.

(iii) According to an assessment made by the Financial Adviser in January, 1965 while the work was in progress, the estimated rates on 'cost plus' basis in a major number of items were more than the rates settled with a private firm entrusted with the execution of a portion of the Barrage works from the left bank. The Board, however, felt that, as work done by the Corporation till then was small and the actual rates were not then known, it was possible that the picture might be "entirely different."

(iv) In the case of rejected items where any work was to be re-done, the Project authorities agreed to reimburse to the Corporation

the actual cost incurred—the overheads on the work redone being 10 per cent. The cost of works redone so far was not known.

(b) *Execution of works.*—The following is the progress of the execution of works as assessed by the Chief Engineer of the Board:—

- (i) Farakka Barrage Right Bank—12 Bays and Head Regulator.
(Value of work—Rs. 12 crores.
Due date of completion—June, 1966).

	Total quantity of work	Work done up to the end of March, 1965	percentage
Earth work (lakh cft)'	320·00	188·63	58·95
Concreting (lakh cft)'	19·50	0·90	4·62
Driving sheet piles (M. tons)'	2440·00	124·00	5·08
Sinking Wells (rft)	1120·00	617·00	55·09
Laying stone lakh (cft)	7·00	0·445	6·36
Laying filter (lakh cft)'	0·55	0·20	36·36

- (ii) *Upstream lock*—

(Value of work—Rs. 2·50 crores.

Due date of completion—June, 1965).

	(In lakh cft)'		
Earth work	93·00	54·50	58·60
Filter	3·70	1·00	27·03
Concreting	23·51	1·96	8·34

According to the revised programme submitted by the Corporation in March, 1965, the work of the Barrage is expected to be completed by June, 1967 and that of the Upstream lock by June, 1966.

As the work was awarded to Corporation on 'cost plus basis', the delay in the completion of the work is likely to involve extra expenditure to the Government on payments to the Corporation for maintaining their establishment for a longer period and also for increase in the cost of materials and wages.

4.2. The Committee were informed in evidence that N.P.C.C. established in 1957 was a cent per cent Government organisation and its shares were equally shared by the Central and the State Governments. It was created to take up work for which private contractors were not easily forthcoming and to break the stronghold of private contractors. When the work of the Project was assigned to N.P.C.C., it was not the intention of the Government to help N.P.C.C. and there had been no direction from the Ministry to accord help—financial or otherwise, to the Corporation. The total cost of the project was estimated to be Rs. 68 crores but consequent to devaluation the additional cost would be to the extent of Rs. 3 to 4 crores.

4.3. Asked whether the object could not be achieved by a smaller barrage and whether its location was justified, the Committee were informed that when Ganga changed its course the mouth of Bhagirathi started getting choked and the only way to save the port of Calcutta was by ensuring up-land supplies of water all the year round into Bhagirathi. For this a barrage had to be built on the main Ganga river which would raise the water level during the dry weather to feed Bhagirathi and this could not be done by a small barrage. The barrage was also located on a site which was most suitable for feeding Bhagirathi.

4.4. Asked why the work on navigation lock was stopped with effect from 1st March 1966, the witness stated that after the estimates for the project were revised it was decided to phase the programme and to go ahead with the main barrage and such other works as were necessary for the safety of the barrage. After the first phase was completed, the work on navigation lock would be taken up. The work on navigation lock had been brought to a certain stage where no damage would occur.

4.5. The Committee desired to know how the 20% overheads had been arrived at in the absence of the drawings and designs. The Secretary of the Ministry stated that towards the middle of 1963, when a decision was taken to go ahead with the project work as quickly as possible the detailed drawings and designs were not ready. Only specification designs were ready which were sufficient for giving a broad idea of the work and in view of the urgency it was decided to give the work to NPCC in order to give flexibility in operation and control over expenditure. The witness stated that one or two contracts had been given earlier on cost plus 20 per cent overheads at Wazirahad Barrage in Delhi and Chanani works in Jammu and Kashmir and it seemed to them to be the recognised basis. The overheads included various items i.e., establishment in the field, depreciation on tools, loss due to reasons beyond control etc.

4.6. Asked how in the absence of the system of pre-audit, the bills of the Corporation could be passed, the witness stated that in the case of NPCC the Financial Adviser was a member of the Indian Audit & Accounts Service and to that extent strict financial control was there and the accounts were reliable. The physical checking of the works was done by the Chief Engineer to find out whether the expenditure had been actually incurred. The bills of NPCC were checked not by pre-audit but by the Office of the Financial Adviser and the Chief Accounts Officer of the Project to find out *prima facie* whether there were any items which were inadmissible and then provisional payments were made. Overpayments, if any, were adjusted against the next bill. The system of making provisional on account payment was started in 1963-64 and the system of post-audit was introduced in 1966. The Committee pointed out that in addition to double payment of Rs. 1,16,265 noticed in the payments to Sub-contractors the concurrent audit of the Project had found out that over-payments to the tune of Rs. 21,36,580 were noticed in the irregular claim of 100 or 150 per cent depreciation charges towards field repairs and major over-hauls instead of claiming the actuals. They desired to know whether adequate safeguards had been provided for verification of the actual costs that were incurred and also to ensure that excessive costs were not incurred. The witness informed the Committee that over the entire period over-payment which had been established was of Rs. 4.32 lakhs and the amount referred to by the Committee was a disputed one.

4.7. When pointed out by the Committee that the NPCC were not able to repay even some part of the agreed amount because of financial stringency the Secretary of the Ministry stated that it related to one particular case. The NPCC did not have enough money to pay instalments as the work was not according to Schedule and a revised schedule was fixed and the NPCC were repaying the amount on that basis. Asked why Government should take risk for recovery of overpayment of about Rs. 21 lakhs particularly when the Corporation was in difficulty to discharge an admitted liability of Rs. 1 lakh, the witness stated that the amount could be adjusted against future payments to the Corporation and moreover, the Corporation had the support of the Government when in financial difficulties.

4.8. The witness further stated that in a big contract of this nature pre-audit was difficult though he agreed that normally the delay of more than two years to start post-audit which had taken place in this case should not have occurred. The Committee were further informed that out of an over-payment of Rs. 4.32 lakhs made to NPCC, a sum of Rs. 77,788 had been recovered and the NPCC had agreed to refund Rs. 1,16,265. Under the agreement settlement of over-payment had to be negotiated upon and adjusted as per mutual agreement.

4.9. As regards the double payment of Rs. 50,431 and Rs. 1,16,265 made to NPCC, the Committee were informed that they would be adjusted against future bills of NPCC and that the Corporation had agreed to refund them. When the Committee pointed out that double payments were more serious than over-payments and immediate steps should be taken to recover them, the witness agreed that it should have been done.

4.10. The Committee find from evidence that the expectation of the Ministry to have better control over expenditure had been belied by the facts that there were not only over-payments but double payments also. The total amount of overpayments so far made to and accepted by N.P.C.C. is to the extent of Rs. 4.32 lakhs. In addition to this, a sum of Rs. 21,36,580 has also been detected by the concurrent audit of the Project as overpayments in the irregular claim by N.P.C.C. of depreciation charges for repairs, etc., which is however, being disputed by the Corporation.

4.11. The Committee cannot understand how double payments were made in the first instance and why they remained undetected for a long time. They feel that there is an immediate case for a thorough enquiry into this aspect of the case. It is all the more surprising that while overpayments could be adjusted against the bills of N.P.C.C. for the following months, the double payments to the tune of Rs. 1,66,696 were also being adjusted in the same way. It is unfortunate that the seriousness of overpayments and the difference between overpayment and double payment was not appreciated. The Committee are of the view that any double payment detected should be realised forthwith instead of being adjusted subsequently. Necessary instructions should also be issued to ensure that such mistakes of double payments do not occur in future.

4.12. As regards recovery of overpayments the Committee are of the opinion that although the N.P.C.C. is a public undertaking, it is not desirable to allow huge arrears to pile up on its account. The Committee are distressed to learn that the Corporation had failed to pay even the admitted liability of Rs. 1 lakh in time and the schedule of payment had to be revised in its favour. They feel that it would be more appropriate for the Ministry to give financial assistance to this Corporation to enable it to function efficiently rather than violate normal healthy financial principles to give it indirect benefits. The Committee are also not happy to find that the Ministry took about 2½ years to introduce post-audit in view of the fact that N.P.C.C. had not agreed to pre-audit due to administrative difficulties.

4.13. The Committee pointed out that in the same barrage, works were entrusted to a private contractor at a comparatively lower rate and desired to know whether the cost plus basis was calculated on the basis of reasonable rates. The witness stated that the cost plus basis was independent of the rates of other contractor. It was comprised of the actual cost and 20 per cent overheads. Cost included muster-roll, work charge, establishment, payment to piece-workers and sub-contractors etc. Itemwise rates were the rates for excavation, earth-work, concreting etc. In the case of the contract on the left bank, the work was done itemwise while in the case of work assigned to NPCC it was on actual cost plus overhead basis. The Committee pointed out that under the cost plus basis no contractor would work just for the cost but they would also charge margin of profit. Apart from the overhead of 20 per cent they also charged certain margin of profit and Government too had to employ additional staff for doing the verification work. The witness agreed that under the cost plus formula there was certain increase in the overheads. He added that in this case there were not many firms forthcoming to do the job and in fact the NPCC was persuaded to take up this job because the work was of an intricate nature. As regards the comparison of rates made in the Audit para, the witness stated that the Ministry were looking into the matter further because the comparison was made at a time when the amount of work done by NPCC was not large and the over heads were large. After the accounts of June, 1966 were finalised they would come to know which of the two systems i.e., itemwise or cost plus basis was favourable. The NPCC had so far been paid a sum of Rs. 3.21 crores.

4.14. The Committee would like to observe in this connection that a system of payment at cost plus basis has built in tendency to inflate the total cost. As pointed out by Audit, according to an assessment made by the Financial Adviser in January, 1965 while the work was in progress, the estimated rates on "cost plus" basis in a major number of items were more than the rates settled with a private firm. The Farakka Barrage Control Board was, however, of the view that the picture might be "entirely different" after the work had sufficiently progressed. The Committee hope that after the Ministry have been able to finalise the accounts up to June, 1966 they would be in a position to assess as to whether "cost plus" or the "itemwise" basis for assigning contracts is beneficial. They would like to be informed of the results of such assessment.

4.15. The Chief Engineer, Farakka Barrage Project stated that under the draft agreement a provision was made that hundred fifty

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per cent depreciation would be paid to NPCC for major repairs. The dispute now was that at the initial stage of the work, 150 per cent depreciation was not required for actual repairs which they (the Corporation) would utilise throughout the life of the equipment. A reference had been made to the Government in this connection and a decision was pending.

4.16. The Committee feel that the provision of 150 per cent for depreciation on equipment is on the high side. They would, therefore, urge the Ministry to examine as to what extent it is really justified. They would also like to be informed of the decision taken in regard to the utilisation of the depreciation amount in respect of which a reference has been made to the Government.

4.17. The witness informed the Committee that in respect of works on the left bank even though tenders were invited, only one company had tendered though the work was much easier. He added that no global tenders were invited and only open tenders were invited from within the country for the construction of the barrage. The barrage, one of the biggest in the world, was being built to flush more water into the river Hooghly and irrigation or generation of electricity was not contemplated. The Committee pointed out that in some of the quotations invited by the Ministry, it was found that the rates quoted by the Hindustan Construction Company were much lower than those quoted by NPCC so much so that the rate quoted for one item by NPCC was Rs. 50 lakhs and that of Hindustan Construction Co. was Rs. 7.26 lakhs only. The witness stated that these figures were purely tentative and did not take into account the over-heads spread over a long period. Moreover, they related to two different places where conditions differed and therefore, they were not comparable. The Committee desired to know why the Ministry did not invite quotations for a work in a particular place from both the organisations which could produce some guideline for purposes of comparison and also to keep the cost under check. The witness stated that the work having been allotted to NPCC there was no necessity of inviting quotations from other firms because it would have been against all business practices and not right for Government to do such a thing. If the rates were *ab-initio* and *prima facie* low it would have defeated the purpose of comparison. When the Committee enquired whether the C.P.W.D. were asked to make an assessment as to what should be the cost of such a work which was given to N.P.C.C., the witness stated that C.P.W.D. did not have experience of this type of work which was very intricate and of a complicated nature and there was no precedent for it as it involved new conditions like earth-work.

de-watering etc. The Committee desired to know whether any calculation was made to find out to what extent the rates quoted by N.P.C.C. were higher or lower, the Chief Engineer of the Project stated that estimate had been prepared and rates had been mentioned in the estimate. The rates now quoted by N.P.C.C. were in certain cases comparable and in certain cases higher. The cost of work done upto 1964-65 was only Rs. 64 lakhs while upto June, 1966 the cost of work had gone upto Rs. 3.21 crores. That was the reason why the audit para reflected higher rates. The rates would not be representative if the entire erection cost of a plant was considered against small volume of work. He added that unless the volume of work was representative they would not get representative rates.

4.18. The Committee find that in allotting the contract to NPCC, the Ministry did not invite any tender on the ground of urgency and on the presumption that there would not be many firms to offer tenders because of the intricate nature of the work. In the absence of any tender notice, the Ministry could not have the benefit of having competitive rates and could not know whether the rates quoted by NPCC were reasonable or on the high side.. The Committee feel that the assignment of works of the magnitude of about Rs. 14.50 crores without inviting tender and the absence of any effort to find out reasonableness of the rates for the work to be done, are objectionable. The Committee also feel that the procedure of entrusting the work to a public sector undertaking at negotiated rates is likely to create a sense of complacency on the part of the public sector undertaking in managing its affairs in a competitive and economical manner. They would, therefore, urge that it should be ensured that even when the work has to be given to a public sector undertaking, the normal procedure of inviting tenders should invariably be followed.

4.19. As regards re-imbursing to the Corporation the actual cost incurred in re-doing a defective work, the Committee were informed that there had been no such case and hence there was no infructuous expenditure. This clause was introduced in the agreement as it was on cost plus basis and did not provide for such risk elements. The work done by the N.P.C.C. was treated as the departmental work and the N.P.C.C. was persuaded to take up this work. Asked whether there was any agreement with the Corporation, the witness stated that an agreement had been finalised in 1965 but it was held in suspense as the question of introducing item-wise basis was raised. The

delay was caused because the Ministry wanted to spell out specifically certain items and define 20 per cent properly. He added that the agreement had been finalised and would be executed shortly. He, however, conceded that the agreement should have been executed earlier. Asked what would the Ministry do if the party refused to pay back the advance of Rs. 50 lakhs already paid to it in the absence of any agreement, the witness stated that they had a letter of intent and its acceptance from the party and that was sufficient for the purposes of the contract. The Committee pointed out that acceptance of a letter of intent meant only the acceptance of the intention and it was not a contract.

4.20. The Committee find that even though no formal agreement had been signed, the Ministry had advanced a sum of Rs. 50 lakhs to N.P.C.C. The Committee feel that Government should have provided adequate safeguards before making an advance of Rs. 50 lakhs in this case. They suggest that a formal agreement should be signed with N.P.C.C. without further delay.

AUDIT REPORT (COMMERCIAL), 1966.

Over-payment on account of the adoption of an incorrect conversion ratio—Para 2—Section XXVII—Pages 278-279.

4.21. In March, 1963 the Electricity Department, Andamans invited tenders for the supply of 600 tons of mangrove fuel per month during the year 1963-64. Seven tenders were received out of which 6 quoted in terms of tons only and the 7th which was the lowest, quoted rates of Rs. 18.25 per ton and Rs. 36.25 per cord. The rate of Rs. 18.25 per ton was approved and an agreement was executed with the contractor on 3rd April, 1963.

4.22. In the absence of a weigh-bridge the supply was accepted in 'cords' which were converted into tons for the purpose of payment by treating a cord (128 cubic feet) as equivalent to 2.5 M. tons even though the rates offered by the contractor clearly indicated that one cord was nearly equal to 2 tons. This conversion rate resulted in an over-payment of Rs. 29,967 to the contractor on the purchase of 7,274 tons of fuel during the year 1963-64. It may also be mentioned that in the contract for the supply of the same fuel entered

into with a different firm on 31st March, 1964, the conversion ratio specified was 128 cubic feet of mangrove fuel as being equal to 2 M. tons.

4.23. The Chief Commissioner, Andamans stated that the mangrove in the island was the property of the Forest Department which allowed certain contractors to work that mangrove on "cord" basis on the payment of royalty. A "cord" according to the Forest Department's measurement was 128 cft. The weighment of a "cord" however, differed. In dry weather a "cord" might weigh 2 tons whereas in the wet weather it might weigh 3 tons. In 1962 the Electricity Department decided to have this mangrove on tonnage basis rather than on "cord" basis and tenders were invited for supply of mangrove in tons. Out of the 7 tenders received, the last tender which was the lowest quoted Rs. 18.25 per ton or Rs. 36.25 per "cord". The presumption was that the "cord" would weigh about 2 tons. Since the weigh-bridge did not arrive till 1st April, 1964 the Department started taking things on a hoppers method and came to the conclusion that on an average a "cord" would weigh 2.5 M. tons. The Committee referred to a letter addressed to the Electrical Engineer, Port Blair and stated that when 2.5 M. tons was considered to be reasonable, the opinion held by the persons who weighed it were the as weighment was done in rainy season and it contained moisture also. Accordingly the weighment could not give the correct idea, of the conversion. The witness stated; "...There has not been meticulous care which should have been taken by the Department concerned..." They should have paid on the basis of Rs. 36.25 per "cord", as this was an offer by the contractor himself. He added that this particular contractor insisted that because tenders were invited in tons, he should be paid at the rate of tons. The Government officer should, however, have seen that he was pinned down to his second commitment of cord. "That lack of care is certainly there". He also added that explanation of the officer concerned would be called for.

4.24. The Committee are of the view that with a little care, the Government could have saved the extra expenditure of Rs. 29,967. Even though the contractor had quoted different terms for tons and cord, the Department accepted the supply of mangroves in cords but agreed to pay the contractor in terms of tons in a ratio of 1 cord equal to 2.5 M. tons. Since it was within the knowledge of the Department that the ratio of 1 cord equal to 2.5 M. tons was not realistic as the weighment was done in rainy season when the mangroves contained moisture, the proper course for the Department

would have been to follow the conversion ratio indicated by the contractor himself in his offer. Failure to do this, resulted in the contractor getting undue benefit of Rs. 29,967 which he was not entitled to. Surprisingly enough, not only the officer concerned in this case had erred but the senior officers too were indifferent and no enquiry was held as to how all this had happened.

4.25. The Committee hope that the Department would exercise greater care and caution in future in such matters and in all cases make sure that the interest of Government is properly safe-guarded. They would further like to know the action taken in this case against the officer/officers responsible for the lapse.

CHAPTER V

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(DEPARTMENT OF LABOUR AND EMPLOYMENT)

Discontinuance of a scheme—Para 63, Pages 70-71:

5.1. To meet the shortage of technical personnel in defence establishments and other civilian establishments engaged on work of national importance "an accelerated short-term training programme" was sanctioned by Government in November, 1962 for training of prospective combatants (i.e., persons who were willing to enrol themselves in the Defence Services on completion of training) and other civilians. The programme envisaged conducting of training course of 6 months' duration in 19 engineering trades in Government Engineering Institutes in the various States.

5.2. The programme was started on 1 February, 1963 and during 1962-63 and 1963-64 an expenditure of Rs. 39.90 lakhs was incurred on salaries of staff, purchase of equipment, stipend at the rate of Rs. 25 per mensem to trainees, etc. The expenditure was borne by Government of India and the State Governments in the ratio of 60 : 40. 5,598 prospective combatants and 10,095 civilians were enrolled for training in the first batch which started on 1 February, 1963. In June, 1963, Government decided to discontinue the programme with effect from 1 August, 1963 on the ground that the Ordnance factories had no use for the trainees who had undergone only six months' training and that they would require those who had completed 18 months' training. A special training course for imparting training to about 1,428 combatants in six trades was, however, conducted for a period of six months from 1 August, 1963, on the expiry of which the scheme was finally discontinued.

5.3. Complete information was not available with the Department to indicate whether all the prospective combatants, who had completed the training, were eventually absorbed in the Defence establishments and whether the equipment, rendered surplus as a result of the discontinuance of the scheme, was profitably utilised for other purposes.

5.4. Explaining the scheme, the Secretary, Department of Labour and Employment informed the Committee that the scheme was started during emergency after joint consultation with the Ministry of Defence and the other concerned Ministry (Home Ministry). He urged that in order to appreciate the explanation two aspects might be kept in view viz. the circumstances under which the scheme was started and the fact that in saying that the training was not adequate, the Ordnance factories had in view the change in the circumstances and the intensity of the emergency. At the time of intense emergency it was decided that something had got to be launched. The second judgement taken later on was that this training was inadequate for normal employment in Ordnance factories.

5.5. Explaining the back ground of the scheme, the Joint Secretary stated that as soon as the emergency was declared, the Government of India had appointed a High Powered Manpower Committee on the 5 November, 1962. Representatives from all the wings of the Ministry of Defence (which included Ordnance Factories, Armed Forces etc.) and Ministry of Education were on the Committee. The decision was to organise a programme for training 60,000 people. As soon as the intensity of Emergency became much less after the Chinese withdrawal, the Department did not go ahead with the whole programme and it was stated that the Department would train only those persons who were enrolled combatants.

5.6. On being pointed out that the scheme was discontinued because the trainees were not acceptable for employment in Ordnance factories, the witness stated that when the first six months' course was started, it was found that the persons might not get employment as they did not have the required skill. The first thing that was done was to stop the course. When the intensity of Emergency became less there was no demand for this kind of technicians because the training was found inadequate and insufficient for industry in normal times. The Department was training persons as semi-skilled workers for which demand existed during Emergency.

5.7. The Committee desired to know as to when the decision was taken to wind up the scheme. The Joint Secretary stated that as a result of the review that was made between February to March, 1963 by the Technical Manpower Committee, it was decided that future batches due to commence training on 1 August, 1963 should be confined to persons who had been actually enrolled in the army and also to restrict the training to 7604 persons per batch in 13 trades. It was further decided that the training of the civilian candidates should also be discontinued in view of the fact that the

conditions had changed and also that there was no demand either from the Defence establishments or from any other industry.

5.8. In reply to a question, the witness stated that at the meeting held on 13-1-1963 the representative of the Ministry of Defence had stated that over 8,000 trainees had been selected for admission to the accelerated training course and it was expected that the number would increase to 10,000 before the commencement of the first batch in February, 1963. It was considered sufficient to meet the urgent needs and another batch of 6,000—8,000 might be selected for admission to the next course in July, 1963. As a result of a review conducted in March, 1963, it was decided to confine the training to persons who had been actually enrolled in the army.

5.9. In reply to a question, the Joint Secretary stated that a large number of people were recruited and the Army would not take all of them because of their strict standards and most of them would be disqualified. The Department wanted to train 16,000 for the Army and 14,000 for the Defence Establishments and for civilian establishments. But it was found that the number did not come up to the expectations at the Army level. As against 16,000 not more than 5,000—6,000 could be enrolled in the Army. Because of rejections by the Army, it was felt in March that the Department would train only those who were recruited by the Army. This was again reviewed in June.

5.10. In reply to a question, the Secretary, Department of Labour and Employment stated that the whole scheme was started with the full participation of the Ministry of Defence. The Joint Secretary added that the training programme was prepared according to the requirements of the Ministry of Defence.

5.11. In reply to a question, the witness stated that in normal times the trainees with 18 months, training were required by the Ordnance Factories. On being asked whether the combatants were absorbed in the Defence Establishments, after the training, the witness stated that according to information so far received 4160 persons were absorbed in the Defence Establishments. The information was still awaited from some States.

5.12. In reply to a question the witness stated that the recruiting agency informed the Industrial Training Institutes, the number of persons selected from out of the list of names supplied by the Institutes and added that the necessary information should be

available with the ITI. These Industrial Institutes were under the State Governments and the Department had not been getting replies.

5.13. The Committee desired to be furnished with a detailed note showing the number of trainees absorbed in the Defence Establishments after training. Note furnished by the Ministry is at Appendix VII.

5.14. The Committee feel that the entire scheme was rather ill-conceived. In order to make the trainees fit for enrolment in the Defence establishments, the complete details of the training to be imparted to them should have been ascertained from the Ministry of Defence and finalised in advanced before the scheme was started in view of the fact that the scheme was started only after the acute phase of emergency was over.

5.15. From the note furnished (Appendix VII) it is learnt that only 4,160 persons were absorbed in Defence Services on completion of training out of a total of 10,095 civilians trained. But this does not include information relating to Gujarat, Punjab, U.P. and Delhi. Information regarding the number of persons who still remain to be absorbed is not available. The Committee regret to note that the Ministry did not maintain proper records in order to keep a watch over the progress of the implementation of the scheme. They are of the view that the expenditure on the scheme has largely been infructuous. They would suggest that schemes involving large amounts of expenditure and utilisation of extensive manpower should be formulated after fully ascertaining the actual requirements of the various organisations intending to utilise the services of the trainees.

Audit Report on the accounts of the Employees' State Insurance Corporation for the year 1963-64.

5.16

I. GENERAL

(a) A brief analysis of the Income and Expenditure of the Corporation for the year 1963-64 is given below :

Income	Expenditure
(Figures in lakhs of rupees)	
1. Employers' Special Contributions. 811	1. Medical Benefits: (a) Payments to State Govts. as Corporation's share of expenses on providing medical treatment etc. 517

Income		Expenditure	
2. Employees' Contributions	664	(b) Medical treatment and care expenses incurred direct by the Corporation	31
		2. Cash & Other benefits to insured persons and their dependents incurred direct by the Corporation.	537
3. Interest and Dividends from investments	76	3. Administration Expenses:	
		(a) Superintendence	75
		(b) Field work	60
		(c) Other charges	16
			151
4. Other Miscellaneous income	5	4. Excess of income over expenditure	320
TOTAL	Rs. 1,556	TOTAL	Rs. 1,556

The excess of income over expenditure increased from Rs. 207 lakhs in 1962-63 to Rs. 320 lakhs in 1963-64. A comparison of the excess of income over expenditure for the last three years is given below:

(figures in lakhs of Rupees)

Year	Income	Expenditure	Excess of income over expenditure
1961-62	1022	845	177
1962-63	1341	1134	207
1963-64	1556	1236	320

The main reason for the consistent increase in the excess of income over expenditure was the increase in the percentage rate on "total wage-bill" at which the Employers' Special Contribution was recovered in implemented areas. This percentage rate was increased from 1½ per cent in 1961-62 to 2½ per cent from 1962-63 onwards.

5.17. The Committee desired to know (i) the reasons for the accumulation of surplus funds to the extent of Rs. 3.20 crores during 1963-64 and (ii) to what extent the surplus was due to the set back in the capital programme. The Director General, Employees' State Insurance Corporation stated that the rate of employers special contribution was raised from April, 1962. Preliminary indications were

such that without an increase it would be difficult to maintain the standards of medical care that were envisaged under the scheme. The surplus, inspite of the increase to 2½ per cent, had been coming down and in 1965-66, the actual surplus was Rs. 2.42 crores and during the current year, the surplus was estimated to be only Rs. 1.78 crores. The expectations that a large number of hospitals would be built and also that a large number of personnel that were required for indoor and outdoor medical care would be recruited had not been fulfilled due to variety of reasons.

5.18. The witness added that after 1962, on the construction side, there had been difficulties with regard to raw materials and technological skill. If the contribution had not been increased to 2½ per cent in 1962, there would have been a revenue deficit of Rs. 3.22 crores during 1965-66.

5.19. In reply to a question the witness stated that it was estimated that the *per capita* cost on medical care (which included full medical care of families) would be Rs. 56 for each insured person in which the share of the Corporation would have been Rs. 49. But the figure reached was only Rs. 32 per insured person. The reasons were that the capital construction could not be completed and the hospitals could not be commissioned as expected by March, 1966. On being asked about the amount saved on that account, the witness stated that roughly it was Rs. 13.5 crores.

5.20. In reply to a question, the witness stated that the Corporation had their own hospitals; the Corporation also arranged to get certain beds reserved in other hospitals at the rates between Rs. 7 and Rs. 8 per bed per day. When the Corporation had their own beds, the cost would at least be double the amount. If the Corporation had their own hospitals, the cost per bed per insured person would have been more. Members of families who were not taking full medical care would have availed of full medical care. On being pointed out that in that case the saving would be more than Rs. 1.78 crores at the end of March, 1966, the witness stated that the Corporation had in the meantime expanded the quantum of medical care. Instead of restricted medical care, the Corporation had given medical care in almost all places, except hospitalisation.

5.21. In reply to a question, the witness stated that the accumulated surpluses upto the end of 1965-66 were Rs. 33.92 crores and the sanctions upto that date amounted to Rs. 30.79 crores. The Secretary, Department of Labour & Employment while admitting that the "estimates have erred on the conservative side" added that in a

scheme of this kind it would not be possible to balance one year's income against one year's expenditure particularly in the early stages when the facilities were in the process of being built up. On being pointed out that the period taken was a five year period namely from October, 1961 to March, 1966 the witness stated that even the five year period was a period when the facilities were being built up; it was just building up the momentum.

5.22. In reply to a question, the Director General, Employees' State Insurance Corporation stated that there was a permanent Sub-Committee of the Corporation which met before the budget estimates were prepared.

5.23. The Committee are not happy over the accumulation of large surpluses with the Corporation.

5.24. They hope that the Corporation would keep a proper watch over the construction of capital works so that the employees are provided with adequate hospital facilities.

(DEPARTMENT OF REHABILITATION)

5.25. *Arrears of rent etc.—Evacuee property (Acquired as well as un-acquired), Para 64-(B) (i), Page 72:*

	(In lakhs of rupees)
Arrears as on 1st April, 1964	441·89
Demands during the year	22·90
TOTAL	464·79
Less amount realised	27·75
Reduction as a result of corrections in the demands	25·34
Irrecoverable amounts written off	4·95
TOTAL	58·04
Balance due on 31st March, 1965.	406·75

During 1963-64 also, an amount of Rs. 29·46 lakhs was reduced as a result of corrections in the demands and another of Rs. 5·69 lakhs was written off as irrecoverable.

5.26. The Committee desired to know the latest position of arrears of rent. The witness stated that the arrears of rent as on 31st March, 1965 were Rs. 406·75 lakhs. From 1st April, 1965 to 30th June, 1966 the demand was Rs. 22·18 lakhs. The total became Rs. 428·93 lakhs. Out of that, Rs. 82·87 lakhs were either recovered, or demand corrected or written off. The balance still to be recovered as on 30th June, 1966 was Rs. 346·06 lakhs.

5.27. In reply to a question, the witness stated that out of Rs. 82·87 lakhs the amount written off was Rs. 2·69 lakhs, the amount recovered in cash was Rs. 37·02 lakhs and the rest Rs. 43·16 lakhs was demands corrected. As regards the correction of demands so far as Delhi and Punjab were concerned the Chief Settlement Commissioner's Organisation was dealing with it departmentally and was able to correct 7 wards in Delhi and 3 districts in Punjab. As regards other States, the work was transferred to them on percentage commission basis and the States were requested from time to time to take steps to effect recovery.

5.28. The Committee enquired as to how much was the amount with which the Chief Settlement Commissioner's Organisation was concerned out of Rs. 34606 lakhs arrears outstanding as on 30th June, 1966, and how much was with the Districts. The witness stated that out of Rs. 346.06 lakhs recovery of Rs. 298.73 lakhs pertained to Delhi and Punjab which areas are dealt with by the Chief Settlement Commissioner's Organisation and the rest had been transferred to the State Governments.

5.29. The Committee desired to be furnished with a note showing out of the total amount of Rs. 298.73 lakhs arrears shown in the registers how much represented the corrected amount and how much represented the amount still to be corrected. Note furnished by the Ministry is at Appendix VIII.

5.30. From the note, the Committee find that in respect of 31758 occupants contacted by the squads of Rehabilitation Ministry and which involved rent-recovery of Rs. 83.55 lakhs, only Rs. 57.87 lakhs was found to be correctly recoverable. This clearly establishes, that there is an urgent necessity to work out the correct amount of arrears in respect of balance of arrears of Rs. 215.18 lakhs also. The Committee desire that this should be done without loss of time so that actual amounts due as rent are worked out and realised. The Committee are also not happy over the progress of realisation of rent and desire that effective steps should be taken to realise the outstanding arrears of rent urgently.

Suspected Fraud—para 64(D), page 73

5.31. 17 cases of suspected fraud in the office of the Managing Officer, Sriganaganagar were reported to Government in December, 1964 by the Regional Settlement Commissioner, Jaipur, in which certificates of sale of property had been issued on the basis of forged treasury challans. The amount by which the Government have been defrauded on this account is estimated at Rs. 87,000.

5.32. It had been stated by Government in January, 1966 that criminal proceedings were launched in 4 cases and that the other cases were under investigation.

5.33. The Committee were informed in evidence that there were 29 cases of suspected fraud and the amount involved was Rs. 123912*. The cases were handed over to the Special Police Establishment for investigation. The SPE investigated 17 cases and decided that in five cases they should register the offence and challan the accused concerned. In 12 cases evidence was inadequate and the persons concerned might be proceeded against departmentally.

*According to information furnished to Audit the amount is Rs. 121,364.

The witness added that departmental enquiries were being held in the remaining 12 cases also.

Asked as to why the evidence was not available in those cases, the Secretary Department of Rehabilitation stated that it appeared that the relevant documents were not traceable. Departmental action was taken against the culprits as they had removed these documents to protect themselves.

5.34. The Committee desired to know when the Regional Settlement Commissioner, Jaipur came to know of this fraud. The witness stated that on 27th November, 1964, the Chief Settlement Commissioner's office received an anonymous petition in this regard alleging that in a number of cases it was found on the basis of challans that the money had not been actually deposited in the local treasury and this happened in the office of the Managing Officer, Sriganganagar. On 11th December, 1964, the Regional Settlement Commissioner was asked to go for investigation. In June, 1965 when the investigations were actually being conducted by the Regional Settlement Commissioner it was found that some files were missing. The witness added that the Accounts Officer had gone through these cases and checked up each and every credit. Only about 100 entries were not traceable. These should have been entered in the Ganganagar office cash book. The persons who had been defrauding had not made any entry.

5.35. In reply to a question, the representative of the Department of Rehabilitation stated that the procedure was that every Managing Officer was required to send a list of deposits made into the treasury every month to the Pay and Accounts Officer. The Pay & Accounts Officer also received the intimations about the credits from the Accountants General concerned and these were looked into by the Pay and Accounts Officer. In these cases the list of deposits were not received from the Managing Officer, Ganganagar and reminders were issued to him, but in spite of that some of the lists were not furnished. Therefore, the linking could not be done in the office of the Pay and Accounts Officer.

5.36. The Committee pointed out that some of the deposits were said to have been made in May, 1963 and the fraud was not discovered in the Accounts Office till December, 1964. In other words the Managing Officer did not send the accounts for 18 months. The Committee desired to know whether any action had been taken against the Managing Officer. The witness stated that the case was entrusted first to the SPE but the SPE stated that they could not find any criminal liability in this case. So a departmental enquiry against the Managing Officer was being held for negligence.

5.37. In reply to a question, the witness stated that the SPE report dated 30th October, 1965 was received by the Regional Settlement Commissioner, Jaipur on 2nd November, 1965 and the actual enquiries for departmental action against the delinquent officials were started on 16th July, 1966 only.

5.38. The Committee desired to be furnished with a detailed note showing the dates on which the defaults in regard to the 5 cases of suspected fraud found in the office of the Managing Officer, Sriganganagar were actually committed and the dates on which departmental enquiries were started and the nature of departmental enquiries made. The note furnished by the Ministry is at Appendix IX.

5.39. The Committee also desired to be furnished with a note stating the reasons why for 18 months in spite of reminders, returns were not sent by the Managing Officer, and why no action was taken against the delinquent officials till 16th July, 1966 even though the SPE reported the matter to the Ministry in November, 1965. The note furnished by the Ministry is at Appendix X.

5.40. The Committee enquired whether, among the charges levelled in these 5 cases there was any charge of destroying records. The Secretary, Department of Rehabilitation stated that the SPE accepted only those cases where the evidence was complete. There was no charge of destroying records.

5.41. The Committee pointed out that the SPE had stated that for want of evidence they could not recommend prosecution in 12 cases. It had also been deposed now that the evidence in respect of these cases was not available because the records were missing. The Committee asked why there was no investigation on that point of missing of records and if there was any investigation why charges were not framed on that. The witness promised to look into this aspect of the matter.

5.42. The Committee enquired as to who was entrusted with the responsibility of inspecting the files after the report of the fraud. The Comptroller and Auditor General explained that the Sriganganagar Office used to be incharge of a Junior Managing Officer who himself was the subject matter of a complaint. As soon as the Regional Settlement Commissioner went there in December, 1964, he thought that the Junior Managing Officer should not continue as Incharge. So he got a Senior Officer immediately posted there and he was working there. Therefore, when the Chief Settlement Commissioner had gone there in May, 1965, by that time the Incharge was a Senior Officer. The steps had been taken much earlier.

5.43. In reply to a question, the witness stated that the Regional Settlement Commissioner, Jaipur was incharge of this Ganganagar region and he was expected to inspect the local offices. It was not known whether the Regional Settlement Commissioner visited the office at Ganganagar any time between March, 1963 and December, 1964 and why he did not discover the fraud. These things did not come to the notice of the Ministry till the anonymous complaint was received. The Committee enquired when the Chief Settlement Commissioner did not receive the returns (Statement of Accounts) for 18 months why it was not considered necessary to send somebody on the spot and check why returns were not coming in spite of reminders. The witness promised to look into the matter. The representative of the Ministry stated that the monthly reports were required to be submitted by every Managing Officer to the Pay and Accounts Officer. The reminders were sent by the Pay and Accounts Officer to the Regional Settlement Commissioner and also to the Chief Settlement Commissioner. There was an Officer on Special Duty in the Chief Settlement Commissioner's office and the reminders were sent to him. One reminder was sent on 1st October, 1962, another on 24th December, 1962, two others in March, 1963 and April, 1963. One reminder was sent to the Managing Officer, Sriganganagar on 24th January, 1964.

5.44. The Committee pointed out that though the reminders were sent to the officers concerned, it was not understood why the Chief Settlement Commissioner's office took no action in the matter. The Secretary, Department of Rehabilitation stated that these reminders came to an officer at a very low level. It was probably not put up to the Chief Settlement Commissioner. The witness promised to look into this matter.

5.45. In a subsequent note (Appendix X) the Department of Rehabilitation explained that on receipt of the letter in December, 1962 from the Pay & Accounts Officer that the Managing Officer of Sriganganagar has not submitted returns for the month of August 1962, the officer on Special Duty of the office of the Chief Settlement Commissioner wrote a letter to the Regional Settlement Commissioner, Jaipur on 10-1-63 asking him to expedite action. Another letter was also sent on March 25, 1963, to issue strict instructions to the Managing Officer, Sriganganagar to ensure that the requisite statements were furnished to the Pay & Accounts Officer without fail on due dates. On 24th May, 1963 the Chief Settlement Commissioner asked the Regional Settlement Commissioner, Jaipur to obtain explanation of the Managing Officer of Sriganganagar. This explanation of the Managing Officer was sent by the Regional Settlement Commissioner in December, 1963.

5.46. The Committee find that out of 29 cases of suspected fraud involving an amount of Rs. 1,21,364 handed over to S.P.E., only in five cases prosecution could be launched while in 12 cases departmental actions have been suggested for want of adequate evidence. In the remaining 12 cases also departmental enquiry was being held. Not only that the administrative machinery in Sriganganagar was inefficient and their activities were not free from doubts but the supervision of this Centre by the Regional Settlement Commissioner was also superficial and ineffective and as a result of all these the delinquent officials at Sriganganagar Centre were enabled to perpetuate this fraud. It is indeed distressing to note that the Regional Settlement Commissioner could come to know about all the cases only through a pseudonymous complaint in November, 1964, stating that Sanads were issued without recovery of full values of agricultural land, and it was only when nearly seven months had elapsed that an enquiry was actually instituted.

5.47. The Committee are also disappointed to find that even when the delinquent officials had removed records from the files to cover up their own guilt, no investigation appears to have been made to enquire about that and no charges were framed till July, 1966. The very fact that the returns were not being submitted in time by the Sriganganagar office, despite reminders, should have alerted the Regional Office Jaipur to take immediate action for better supervision but the Committee regret to find that the Regional Office failed to rise to the occasion. The office of the Chief Settlement Commissioner, New Delhi too played a passive role and even though copies of the reminders were forwarded to his office, adequate timely action was not taken to look into the failure of the Managing Officer, Sriganganagar to furnish these returns.

5.48. Even when the S.P.E. report was available with the Regional Settlement Commissioner for departmental action on 2nd November, 1965, the department initiated the enquiry only in July, 1966, i.e., after about 8 months. In a note furnished to the Committee (Appendix IX, the Ministry have stated that before starting departmental enquiry it was considered necessary to scan all the five thousand and odd cases in which sanads had been issued, so that concerted action might be taken simultaneously in respect of all the cases. The Committee have also been informed that departmental proceedings have since been instituted.

5.49. From all these, the Committee feel that the Ministry should take immediate steps to effect proper coordination between the Chief

Settlement Commissioner's Office/Regional Settlement Commissioner's Office and the subordinate offices so that similar cases do not recur in future. They would like the Ministry to examine in the light of the experience gained from all these cases, to provide suitable checks in the administrative procedure whereby the chances of repetition of similar cases are eliminated altogether. The Committee desire that the Ministry in consultation with Audit should evolve a procedure whereby the furnishing of monthly returns is not allowed to remain outstanding for a long time. They would also like to be informed of the action taken in regard to all cases of fraud detected and the action taken against the delinquent officials.

Dandakaranya Development Project.

5.50. *Consumer Goods Scheme—para 65 (ii), page 74.*

Though the scheme providing for retail supply of paddy and other consumer goods to settlers was intended to run on a "no profit no loss" basis, it showed a loss of Rs. 6 lakhs from its inception in January, 1959 to end of March, 1964.

5.51. The loss was stated as mainly due to the following factors:—

- (a) Paddy and other stores were sold to the settlers at prevailing market rates which were generally less than the cost of procurement. This involved payment of an indirect subsidy amounting to Rs. 2.26 lakhs on 27,364 quintals of paddy alone.
- (b) Stores valued at Rs. 0.56 lakh purchased during 1958-59 to 1961-62 had deteriorated owing to long storage and were disposed of through auction at a loss of Rs. 0.28 lakh.

The Committee desired to know the results of the "Consumer Goods Scheme" during the subsequent years i.e. after March, 1964. The witness stated that the losses had not increased further. The deficit was of the order of Rs. 4.78 lakhs upto March, 1965.

5.52. To a question, the witness stated that the D.D.A had taken the view that since the supplies were being taken to the interior areas where no communications had yet been developed and no shops were available, it would be unfair to include the transport cost also in the sale price. It was realised subsequently that this entire amount which was being met as transport was

becoming an indirect subsidy and the Government sanction would be required. The matter had been put up for the Ministry's sanction.

5.53. The Committee enquired when the rice or paddy was available in the market at a lower rate, whether the D.D.A. were under any obligation to get it from the State Government, when the procurement rate was higher. The witness stated that the market was in the nearby towns which were 70 to 80 miles away from the re-settlement zones. Even if the paddy or rice was purchased from this market, the cost of transportation and also distribution charges had to be met.

5.54. The Committee pointed out that paddy and other things were sold to the settlers at the prevailing market rates which were generally less than the cost of procurement. The witness stated that the loss incurred was due to (i) the difference between the market rate and the procurement rate, and (ii) if the cost of transport was also added to the procurement rates, the rates would have been much higher and the refugees to whom the doles were paid at 1958 rates, would have been unable to purchase them. It would cost above the controlled rate. The D.D.A. should not sell the rice or paddy to the displaced persons at a rate higher than the controlled rate.

5.55. The Committee enquired whether any investigation had been made for some loss which was ascribed to deterioration on account of long storage. The witness stated that it was a normal loss and this had taken place in the case of *dhal* and other items.

5.56. The Committee regret to find that the Consumer Goods Scheme which was intended to be on a "no profit no loss" basis showed a loss of Rs. 6 lakhs during January, 1959 to March, 1964. They are surprised to find that the transport cost of goods was not being charged from the customers but was being met by Government which amounted to indirect subsidy given to the customers and that this was done without obtaining prior approval of the Government. The Committee hope that Dandakaranya Development Authority would now obtain *ex-post-facto* sanction to regularise the payment of this subsidy.

5.57. The Committee are of the view that had the authorities taken adequate precautions and run the scheme in a business-like way, the loss could have been avoided. The Committee desire that efforts should be made to run the scheme on a "no profit no loss" basis.

Forest Organisation Scheme—para 65 (iv), pages 74-75.

5.58. The Forest Organisation of the Project was set up to collect ballies from forest areas and to supply them to other departments of the Project, working of coupes, procuring timber and sawing it in the Project saw mills. The *pro forma* accounts of the scheme for the period from June, 1959 to March, 1964 showed a loss of Rs. 9.59 lakhs.

5.59. Materials valuing Rs. 21.47 lakhs were shown as supplied to various departments during the period from June, 1959 to March, 1964 of which only Rs. 1.97 lakhs had been realised till November, 1964. In many cases, the recipient departments had not accepted the quantity and value as shown in the *pro forma* accounts. In one case, as against timber worth Rs. 13.63 lakhs shown as supplied in the *pro forma* accounts, supplies of Rs. 5.45 lakhs only were accepted by the department as having been received.

5.60. In another case, credit for Rs. 15,000 was taken in the *pro forma* accounts for the supplies made to Project authorities, whereas an amount of Rs. 8,000 only was sanctioned by the latter for payment on the basis of quantity actually received by them.

5.61. Audit is reported to have been informed by the Administration that the issue rate had been fixed without taking into account the indirect charges and the loss of Rs. 9.59 lakhs suffered on this scheme during June, 1959 to March, 1964 was mainly due to pay and allowances of the staff.

5.62. Asked why the issue rate was so fixed despite the fact that the results of the working of the scheme were worked out and *pro forma* accounts were being prepared for the purpose, the witness stated that the issue rates of the products supplied to other Project Departments were fixed on the basis of royalty to be paid and the actual operational charges. The indirect charges were not originally included. Subsequently when the *pro forma* accounts were prepared, the revised rates had been introduced including establishment charges. Even then the rates inclusive of establishment charges were still within the rates in the schedule of rates.

5.63. The Committee pointed out that an expenditure of Rs. 9.59 lakhs on pay and allowances was incurred for supplying Rs. 21.47 lakhs worth of materials which was a very high percentage of overheads. The witness stated that the forest department had got

other functions also apart from the collection and supply. Before the reclamations commenced, they made a forest survey. Valuable trees were lime-banded and they were salvaged, if they got knocked down during the process of reclamation.

5.64. The Committee regret to note that due to fixing the issue rate of the products without taking into account the indirect charges, the Forest Organisation Scheme suffered a loss of Rs. 9.59 lakhs during June, 1959 to March, 1964. They desire that a proper assessment of the working of the scheme should be undertaken and steps taken to avoid such losses in future.

5.65. The Committee were informed by Audit that in several cases the recipient departments had not accepted the quantity and value as shown in the accounts. In one case, against timber worth Rs. 13.63 lakhs shown as supplied in the accounts, supplies of Rs. 5.45 lakhs only had been accepted. Against a total of Rs. 21.47 lakhs, a sum of Rs. 5.86 lakhs only had since been accepted by the departments as having been received.

5.66. The Committee enquired as to how the administration justified the absence of any reconciliation between the quantity supplied and that acknowledged all these years. The witness stated that the present position was that Rs. 7.53 lakhs had been accepted by the concerned departments out of debit of Rs. 13.63 lakhs. The discrepancy between the quantity supplied and quantity acknowledged only represented the delay in acceptance of debits. This delay was there because of the intra-project adjustment.

5.67. The Committee desire that early steps should be taken to reconcile discrepancies and all efforts should be made to realise the dues from the Departments which had been supplied goods.

Industrial Schemes: Para 65(v). Pages 75-76.

5.68. Industrial Schemes were taken up by the Project to train displaced persons in various trades to supplement their income.

5.69. The working of the schemes resulted in a loss of Rs. 6.22 lakhs during the period from September, 1959 to March, 1964. The

working results of the schemes which contributed towards the major portion of the loss are given below:

Scheme	Period	Expenditure			In- come	Clos- ing stock	Net loss
		Direct charg- es	Indi- rect charg- es	Total			
(in lakhs of rupees)							
Manufacture of Ammunition boxes	1963-64	1.56	0.29	1.85	1.02	0.04	0.79
Weaving Centre, Jagdalpur	Do.	0.46	0.22	0.68	0.23	0.06	0.39
Oil Extraction Centre	May, 1962 to March, 1964	5.98*	0.98	6.96	2.66	1.14	3.16

5.70. The following points were noticed:

- (a) As against an order for the manufacture of 10,000 ammunition boxes, the actual production till September, 1964 was 7,139 boxes from teak wood, 582 from mango wood and 479 from mixed mango and salai wood. The estimated cost for a teak wood box was Rs. 45.58 and for the other species Rs. 34.58. The selling price for all types of boxes was Rs. 29. As a result of the low selling price, the project incurred a loss of Rs. 1.24 lakhs upto September, 1964.
- (b) In the Oil Extraction Centre, the value of the production (Rs. 3.81 lakhs) did not cover even the cost of seed (Rs. 5.11 lakhs).

5.71. The Committee enquired whether Government had investigated how far the total loss of Rs. 6.22 lakhs incurred in the Industrial Schemes of the Project from September, 1959 to March, 1964 was avoidable. The witness stated that the Industrial Schemes of the Project were really schemes intended for providing employment to the displaced persons and to develop technical skills in them. They should be judged according to the standards applicable to training schemes.

5.72. In reply to a question, the witness stated that the order for ammunition boxes specified the use of teak, Mango or Salai. Since there was no seasoning plant for Mango and Salai, the project had to

*Includes Rs. 5.11 lakhs incurred on cost of seeds.

use teak and this loss had to be incurred as they had to provide employment.

5.73. The Committee enquired how it was that the value of production of oil Rs. 3.81 lakhs while the cost of seeds was Rs. 5.11 lakhs. The witness stated that it was due to three factors. These seeds were purchased in 1961. There was considerable time-lag between that time and the actual extraction and the seeds got deteriorated. Out of the total loss of Rs. 3.16 lakhs in Oil Extraction Centre, Rs. 1.67 lakhs could be attributed to the deterioration of seeds and the low production of oil. Another factor was that Rs. 0.52 lakhs had been taken into account towards charges of electricity whereas the actual consumption was Rs. 3,000 only. There was some contract payment to the Orissa State Electricity Board. But this amount of Rs. 52,000 was a liability and it had to be taken into account. The witness added that actually this was the only centre which consumed electricity though originally it was expected that a large number of centres would consume electricity. Actually Dandakaranya Development Authority were asking the Orissa State Electricity Board to charge according to the actual consumption. The Secretary, Department of Rehabilitation agreed that this was a bad case.

5.74. The Committee regret to note the Government had to suffer a loss of Rs. 6.22 lakhs from September, 1959 to March, 1964 on Industrial Schemes which were undertaken by the Dandakaranya Development Project to train the displaced persons.

5.75. With regard to loss in the Oil Extraction Centre, it was stated in evidence that there was considerable time-lag between the time when seeds were purchased in 1961 and the time when oil was extracted between May, 1962 and March, 1964 and thus the seeds got deteriorated. Out of the total loss of Rs. 3.16 lakhs in this case, Rs. 1.67 lakhs could be attributed to the deterioration of seeds and the low production of oil.

5.76. The Committee feel concerned to note that no care was taken to utilise seeds immediately after purchase and those were allowed to deteriorate resulting in a loss of Rs. 1.67 lakhs. The Committee would like to know the results of the efforts made by the Dandakaranya Development Authority in asking Orissa State Electricity Board for charging for electricity on the basis of actual consumption. Another factor was charges for electricity of about Rs. 0.52 lakh which had been taken into account whereas the actual consumption of electricity was worth Rs. 3,000 only. There was some contract payment to the Orissa State Electricity Board.

Temporary Advances: Para 65 (vi), page 76:

5.77. Though the temporary advances paid to departmental officers are required to be cleared within one month of payment, a total amount of Rs. 37.63 lakhs in 406 cases out of the temporary advances paid to them upto March, 1965 remained unadjusted by the end of July, 1965 for want of detailed bills. Out of this, 301 cases involving an amount of Rs. 17.43 lakhs relate to payments made prior to April, 1964.

5.78. Asked the reasons for the delay in submission of detailed bills, the witness stated that though the advances were drawn by heads of offices, expenditure was incurred by a large number of field staff functioning in the interior areas. There was some time-lag in the submission of accounts. Moreover there was not adequate staff. The witness added that the outstanding amount of Rs. 37.63 lakhs was reduced to Rs. 4.67 lakhs and regarding the item at the end of March, 1964, from Rs. 17.43 lakhs to Rs. 2.79 lakhs.

5.79. The Committee feel concerned to note that the temporary advances paid to departmental officers were not cleared as required within one month of payment and were allowed to accumulate. They regret that due to this failure on the part of authorities, a sum of Rs. 37.63 lakhs which was paid as temporary advances to departmental officers in 406 cases upto March, 1965, remained unadjusted till the end of July, 1965 for want of detailed bills.

5.80. The Committee would like to know how in the absence of detailed bills, the Administration ensured that the amounts advanced were not misutilised. They desire that all efforts should be made to adjust the outstanding amounts at an early date. It should also be ensured that such accumulation does not take place in future as delay in furnishing the accounts was likely to lead to frauds and embezzlements.

Infructuous expenditure in the movement of tractors: para 66, page 77:

5.81. An infructuous expenditure of Rs. 1.74 lakhs was incurred on the movement of tractors and equipment and on idle machinery and staff in connection with reclamation of land as detailed below:

- (i) Rs. 98,585:—On the movement of twelve tractors along with equipment during the period from November, 1962 to February, 1963 from Umerkote to Malkangiri and back

due to non-availability of sufficient land at Malkangiri and due to the express assurance of the State Government of Orissa that further land would be released in Umerkote Zone.

- (ii) Rs. 75,591:—On the idle hours of machinery and staff during the period from 15th January, 1963 to 10th June, 1963 due to non-release of the promised land to the full extent by State Government of Orissa in Umerkote Zone.

5.82. At the outset the Secretary, Department of Rehabilitation stated that this was a very bad case. The Department themselves were distressed about it. The representative of the Dandakarnya Development Authority stated that the work at Umerkote Zone had ended and Malkangiri was going to be the new working zone in that year. Therefore, at the beginning of the season it was decided by the Chief Administrator of DDA that all the tractors should be moved from Umerkote to Malkangiri. 12 tractors were again brought back to Umerkote due to non-availability of sufficient land at Malkangiri and due to an express assurance from the Orissa State Government that further land would be released in Umerkote Zone. The Committee enquired whether in view of the fact that this was not a good case, the Department of Rehabilitation held any enquiry and fixed responsibility for that. The Secretary, Department of Rehabilitation stated that the main difficulty was the State Government's unwillingness to release the land. No officer of the Dandakaranya Project or the Rehabilitation Reclamation Organisation could be blamed in this case. The Department were now trying to make out a more realistic programme and to press the State Government for release of the land.

5.83. In reply to a question whether any review had been made by the Project Authorities and as a result of the review whether it was found that the equipment with DD Authority, was just enough or more was still required, the witness stated that it was more or less adequate.

5.84. The Committee are distressed to find that due to lack of proper planning and co-ordination Government had to incur an in-fructuous expenditure of Rs. 1.74 lakhs. They feel that a little more co-ordination between the Dandakaranya Development Project authorities and the Orissa State Government could have avoided this expenditure.

5.85. The Committee trust that with the experience gained in this case, the Project Authorities would work in co-ordination with the State Government and finalise their programmes on more realistic basis.

Overpayments in the purchase of spare parts; para 68, page 78:

5.86. Five running contracts were entered into by the Director, Stores Purchase with five local firms in February, 1961, without the approval of Government, for the purchase of automobile spare parts at the listed prices of standard manufacturers though the actual purchases were made from December, 1960 itself. The contracts in respect of three firms were renewed from time to time till March, 1963. Spares valuing Rs. 8.51 lakhs were purchased against these running contracts during the period from December, 1960 to March, 1963. It was noticed in June, 1963 that overpayments amounting to Rs. 34,397 (as calculated by the Stores Purchase Officers) had been made due to non-verification of the billed cost of spare parts with the manufacturers' price lists. Payment of further bills in respect of the outstanding claims of the firms was withheld in September, 1963, pending recovery of amounts over-paid.

5.87. The recovery of the overpaid amounts had not been made till October, 1965. Although the price of spare parts ordered was to be paid for, according to the standard manufacturers' price lists, the supplies received were stated to have not been certified either by the suppliers or the receiving officers as manufactured by the standard manufacturers. The Works Manager of the Central Workshop intimated to the Stores Purchase Officer in July, 1964 that the terms and conditions of the local rate contracts were vague and it was, therefore, not possible to insist on the genuine parts manufactured by the original manufacturers.

5.88. The contracts also reserved to Government the right to draw a sample piece at random from the supplies and get it tested from the Government Test House, Alipore to ensure that the Stores actually conformed to standard requirements but the records do not show whether any such samples were actually taken and tested.

5.89. The Administration have intimated to the Ministry in September, 1965 that the relevant files have been seized by the Special Police Establishment, and that they were unable to offer any remarks on the points raised in the para.

5.90. The Committee were informed in evidence that 4 cases were instituted by the Special Police Establishment on purchase of spare parts. Investigations had been completed in three cases. In one case, the SPE recommended departmental action against the officer who was serving in the Project. The other officer had left the project. When this case was referred to the Central Vigilance Commission they recommended that a caution should be administered to the

defaulting officer. In the other two cases, the SPE recommended prosecutions and that reference was pending with the Central Vigilance Commission. The Commission's opinion had not yet been received.

5.91. Asked a question whether it was mandatory that the findings of the SPE about prosecutions should be endorsed to the Central Vigilance Commission, the representative of the Central Bureau of Investigation stated that under the Scheme of Central Vigilance Commission, all cases involving Gazetted Officers had to go to the Central Vigilance Commission and the Commission advised the Ministry whether a prosecution should be launched or not. He added that in one case the report was sent by the Central Vigilance Commissioner to the Deptt. of Rehabilitation with a draft for the sanction order on 24-5-1966, and in the other case it was sent on 21-5-1966.

5.92. The Committee desired to know the exact failure on part of the officer because of which the SPE recommended departmental action. The witness stated that departmental action was recommended on the ground that this Officer had stated that the requirements were urgent and as such the procedure laid down was not followed. SPE investigation showed that the requirements were not urgent.

5.93. The Committee enquired, when according to the contract the Dandakaranya Development Authority reserved the right to examine samples from the stock of these dealers and satisfy themselves that these were as good as genuine parts, whether they ever carried out that test. The representative of the Ministry stated that a Purchase Committee was set up by the DDA and that Committee decided that test should be carried out only in respect of springs and these springs were tested. They came to the conclusion that it was not necessary to have all the categories of stores tested at the Alipore Test House.

5.94. In reply to a question, the representative of the C.B.I. stated that in the fourth case the investigations had been completed and further action was being taken.

5.95. The Committee note with regret that in this case a number of irregularities had been committed, namely:—

- (i) Contracts were entered into by the Director, Store Purchase with local firms without the approval of Government.**
- (ii) Purchase of automobile spare parts was being made from certain firms from December, 1960, two months prior to the conclusion of running contracts with them and**

contracts in respect of three firms were renewed from time to time upto March, 1963.

- (iii) Overpayments amounting to Rs. 34,397 was noticed by Audit in June, 1963 in respect of spare parts purchased by the Administration due to their failure to verify the billed cost of spare parts with the manufacturers' price lists. This amount had not been recovered upto October, 1965.
- (iv) The supplies received were not certified either by the suppliers or the receiving officers as manufactured by the standard manufacturers (prices of spare parts were to be paid for according to the standard manufacturers' price lists).
- (v) According to the Works Manager of the Central Workshop, the terms and conditions of the rate contracts were vague and that it was, therefore, not possible to insist on the genuine parts manufactured by the original manufacturers.
- (vi) Except in respect of springs, samples were not drawn from the supplies and got tested in exercise of the rights reserved in the contract.

5.96. The Committee take a serious view of the lapses and irregularities committed in the purchase of spare parts. They desire that early action should be taken against those who are found guilty. They also desire that efforts should be made to recover the amount of Rs. 34,397 paid in excess on the purchase of spare parts.

Avoidable extra expenditure—Para 69, pages 78-79:

5.97. An agreement was entered into in December, 1960 with the Orissa State Electricity Board for the supply of electric energy to an industrial estate of the Dandakaranya Project at the minimum monthly contract rate of Rs. 1,422.75 p from 15 December, 1960 onwards. (A reduced rate was, however, charged from December, 1960 to November, 1962). Upto 31st March, 1965 only two industrial units started functioning in the estate. The first, which started functioning from May, 1962, consumed a total energy worth Rs. 3,814 during the period ending March, 1965. In respect of the second unit commissioned in October, 1962, no energy was consumed upto March, 1965 due to non-completion of internal wiring till May, 1965. The low consumption of energy resulted in an avoidable extra expenditure of Rs. 43,797 being the difference between the

amount at minimum contract rate and the actual cost of energy consumed.

5.98. Temporary lines were put up in the workshop of the second unit in August, 1962 and since these were not of approved specifications and could not be used for drawing energy from the transformer of the State Electricity Board, a separate generator was installed on 23rd August, 1962 for supplying energy to this unit; a further expenditure of Rs. 57,778 was incurred on the cost of operation and maintenance of this generator upto March, 1965.

The Committee enquired:

- (i) what steps were taken by the D.D.A. between 1960 and March, 1965 to surrender the power which they were not able to consume and for which they had contracted; and
- (ii) whether the D.D.A. informed the Orissa State Electricity Board that they were not consuming this power and they should not be charged so much.

5.99. The witness stated that even at the time of signing the contract in December, 1960, the then Chief Administrator had declined to sign at that stage. He held that the units were not yet ready to take this electricity. But he was advised that if the contract was not signed at that stage, then at a later stage the State Electricity Board might not be able to supply it. Secondly, in that very contract, it was clearly stipulated that the Dandakaranya Projects demand would go up to a maximum of 250 kv. But it was found later that the maximum load of 250 KV, was taken as the contract demand. These were technicalities with which the D.D.A. were not conversant. The witness added that they had written in March, 1964 in this connection to the Orissa State Electricity Board and the State Electricity Board had now reduced the demands.

5.100. The Committee regret to note that the Dandakaranya Development Project had to incur an avoidable expenditure of Rs. 43,797 on payment of electric charges to Orissa State Electricity Board. It is rather surprising to note that D.D.A. were not conversant with the technicalities of the contract which they entered into with the Orissa State Electricity Board. The Committee feel that before signing the contract, the Chief Administrator should have properly examined the financial implications of the contract.

Un-economical purchase of tractors—para 70, pages 79-80.

5.101. In August and September, 1959 quotations were received from 13 firms for 40 numbers of 40/45 Horse Power Wheel type tractors. Two quotations, one from 'A' at the rate of Rs. 11,550 each (with discount of 2½ per cent for the entire order) and another from firm 'B' at the rate of Rs. 12,093 each, were found to be suitable.

5.102. The firm 'B' had also quoted for 28 and 14 Horse Power tractors at the rate of Rs. 9,100 and Rs. 5,550 each respectively, although no quotations for these tractors had been invited. The Financial Adviser of the Project when consulted in December, 1959 advised against the purchase of tractors from firm 'B' in view of their reported unsatisfactory performance at Bhilai. Orders were, however, placed in March, 1960 for 40 numbers of 28 Horse Power and 10 numbers of 14 Horse Power tractors at a total cost of Rs. 4.62 lakhs on the basis of a single (unsolicited) tender even though two tests carried out by the Assistant Engineer (Mechanical) in February, 1960 on the three tractors purchased for trial gave unsatisfactory performance and revealed some major defects.

5.103. The Financial Adviser, whose concurrence was sought in May, 1960 after the purchase, pointed out that the normal purchase procedure need not have been ignored as there was no urgency and that a report on the working of these tractors should have been obtained from the Bhilai Steel Project and considered before placing orders.

5.104. The supply of 14 numbers of 28 Horse Power and 10 numbers of 14 Horse Power tractors (valued at Rs. 2.02 lakhs) was completed by the end of May, 1960 but no inspection was carried out prior to receipt of supplies. The order for the balance of 26 tractors of 28 Horse Power was cancelled in March, 1961 in view of the defects observed in the tractors.

5.105. An inspection by a Divisional Engineer carried out in December, 1961, soon after defects noticed had been rectified by the agents, disclosed some further defects. It was also reported that the wear and tear was unusually high due to some manufacturing defects and use of material of poor quality.

5.106. The assessment of loss through idle machinery, breakdowns and high costs of maintenance could not be worked out as all the necessary records asked for in July, 1962 had not been made available to Audit till August, 1965.

5.107. The Committee desired to know whether there was any procedure requiring the Dandakaranya Development Authority to make purchases through D.G.S. & D. The Secretary, Department of Rehabilitation, stated that the Project Administration was authorised to make purchases direct and they did not utilise the services of D.G.S. & D. Whenever there was a rate contract with the D.G.S. & D. the Administration utilised that. The Dandakaranya Project Administration, while making purchases were supposed to follow the procedures generally followed by D.G.S. & D.

5.108. In reply to a question, the Chief Administrator, Dandakaranya Project stated that in this case, tenders were called for the supply of 40/45 H.P. wheel tractors and 9 quotations were received. None of these 9 firms gave quotations for exactly 40/45 H.P. tractors. The firms indicated about the type of H.P. tractors for which they were responding. For instance, some firms stated that they were responding for 30 to 35 H.P. tractors. Ultimately purchases were made for 28 and 14 H.P. tractors from the firms which had quoted for 28 and 14 H.P. tractors.

5.109. Asked what was the value of this purchase, the witness stated that orders were placed for 50 tractors—40 nos. of 28 H.P. and 10 Nos. of 14 H.P. and their value came to Rs. 4.62 lakhs. The Secretary, Department of Rehabilitation stated that this order for Rs. 4.62 lakhs should be considered as a kind of a medium or ordinary type of purchase in those days.

5.110. The Committee enquired when Dandakaranya Development Authority invited tenders for 40/45 H.P. tractors in September, 1959 and 2 quotations were found suitable, why they did not purchase them. The witness stated that 3 tractors of 14 and 28 H.P. were purchased on trial basis and they were tried in February, 1960 and only on the basis of their performance, a decision was taken to go in for these lower H.P. tractors as these tractors costing less could do the work that was required to be done.

5.111. Asked whether the D.D.A. decided to purchase lower H.P. tractors because they were satisfied with their performance and therefore they did not go in for the bigger type or they were guided by what was available in the market, the witness stated that Chief Engineer of Dandakaranya Project witnessed a trial of these lower H.P. tractors on 6th February, 1960 and on 10th February 1960, and the Assistant Engineer had carried out certain trials on 9th February, 2000 (All) LS—7.

1960. The Chief Engineer himself had been satisfied with the performance of these tractors—the performance was satisfactory enough for the purpose for which they were required. His opinion was recorded in his letter dated 8th March, 1960 which read as under:—

“In this connection, I would like to point out that I have already purchased 3 tractors (which have also been sent for trial observations), two 28 H.P. and one 14 H.P. (with pump) and two 5-ton trailers. I have found these quite suitable and recommend purchase of the same. I have found that these 28 H.P. tractors are not suitable to drag two trailers. So I recommend the purchase of a number of these 40 H.P. tractors. My final recommendations are for 100 tractors: 14 H.P. tractors—10 Nos.; 28 H.P. tractors—40 Nos.; and 40 H.P. tractors—50 Nos.”

5.112. The Committee pointed out that in his letter dated 9th February, 1960 the Assistant Engineer stated that the 14 H.P. and 28 H.P. tractors which were tried by him did not show satisfactory results. The Assistant Engineer stated:—

“This test was conducted on NH—43. The specific strip was between Truck Centre to Gorla Bhar Nallah which is not of any abnormal gradient by any standard. As the normal field conditions under which these tractors are expected to work will not be the same and will vary considerably with undulations, earthen roads/beaten tracks and steep gradients, the performance of these tractors will not I feel, be even upto this standard and will have to be carefully watched.”

The Finance in this connection stated on 22nd June, 1960:—

“No road or other works requiring tractors immediately for their execution are in progress. There was no urgency to over-ride the normal purchase procedure. If in any case, it was thought desirable to negotiate the present deal, it would have been proper to call all the firms that quoted for 40/45 H.P. tractor to quote for lower H.P. tractor”

5.113. The witness stated that the above note was recorded after the purchase had been made and that the decision to purchase these smaller H.P. tractors was taken by the Executive Committee at their meeting held on 18th March, 1960 where Financial Adviser was also present. The order for these smaller H.P. tractors was placed with the firm on 25th March, 1960.

5.114. The Committee pointed out that much before the Executive Committee meeting, the Chief Engineer sent a telegram to the firm at Calcutta on 17th February, 1960 that he was agreeable to purchase these tractors and asked them to intimate the stock position of the trailers. The witness stated that they did not know the genesis of this telegram and they were not able to trace it in their records, and promised to obtain it from the office of the Chief Engineer, D.D.A.

5.115. The Committee enquired whether the Chief Engineer had visited the firm at Calcutta at any time. The witness stated that the Chief Engineer visited Calcutta in February, 1960 but the exact date was not known.

5.116. The Committee enquire the purpose of the Chief Engineer's visit to Calcutta—whether it was in connection with some other official business or it was to negotiate the terms regarding prices etc. of the tractors. The Secretary, Department of Rehabilitation, stated that it was difficult to say why he had gone there. He went to Calcutta before this order was placed. The Chief Engineer came to Dandakaranya Project on deputation from the West Bengal Government. He left the Project in the year 1960. On enquiry from the West Bengal Government, it was found that he had retired about a year and half ago.

5.117. The Committee pointed out that the performance of these tractors was doubtful in the trials made by the project authorities and adverse reports were also received from Bhilai Steel Project. In view of that, there was no justification for the project authorities to go and make purchase of this particular tractor without special guarantees or warranty from the suppliers. At the Executive Committee meeting held on 18th March, 1960, this point was raised and it was suggested that they should get the report from Bhilai Steel Project before the purchase of these tractors was made. The Secretary, Departments of Rehabilitation stated that the Chief Engineer seemed to have stated that some tests were carried out in his presence and he seemed to have overruled the Assistant Engineer's objection. When the Committee enquired whether the Chief Engineer had a final say in the meeting, the witness stated: "He had the influence and purchased the Committee." The Committee pointed out that in the first instance the Financial Adviser's advice was against the purchase of these tractors. Secondly, the Assistant Engineer's advice in February, 1960 was against the purchase of these tractors because of their unsatisfactory performance and the detection of major defects. The Committee, therefore, enquired why the D.D.A. did not think it proper to inspect the tractors before purchasing them.

The Secretary, Department of Rehabilitation stated that in February, 1960, the Chief Engineer stated that some trials were carried out in his presence. He seemed to have overruled the Assistant Engineer's opinion. The representation of the D.D.A. stated that though the Assistant Engineer conducted the test and the Chief Engineer was aware of it, there was nothing to show that the Executive Committee which met on 18th March, 1960 was aware of this adverse report of the Assistant Engineer. Possibly they were guided by the Chief Engineer.

5.118. The Committee were further informed that a sum of Rs. 20,000 being the 10 per cent balance was paid to the firm in March, 1962. The foreign Engineers replaced whatever parts had failed and the Engineers had given satisfactory performance report about the 14 tractors. The Chief Administrator held the view that in terms of the supply order, further payments to the firm should not be withheld. The witness added that some defects in tractors did come to their notice before they released balance of 10 per cent payment. The balance of 10 per cent was released on firm's assurance that all the tractors would be put on road.

5.119. The Committee pointed out that the D.D.A.'s experience with the firm was not very happy. They were reluctant, very negligent and many times they disagreed with the view point of the D.D.A. and they said that they were under no obligation to carry out the repairs. The witness stated that there was controversial opinion between the two sets of technicians. The Indian Engineers at that time held that there were certain structural defects of designs whereas the foreign engineers would not accept that they were defects of design or manufacture. They contended that the defects arose out of the conditions obtaining in the Dandekaranya and the methods of use adopted by the Administration. It was very difficult for the Administration to pronounce on a difference of opinion concerning the design and equipment. The witness added that the Chief Administrator also came to the conclusion that since the warranty period had already expired he could not be justified in calling them to carry out the repairs.

5.120. The Committee enquired whether the DDA approached this firm for the removal of defects after the 10% balance amount was paid to the firm in March, 1962, and if so, what their reaction was. The witness stated that the DDA had undertaken the repairs themselves in their own central workshops.

5.121. In the opinion of the Committee, the right course for the Chief Administrator in such a situation when he himself could not determine whether the foreign engineer's claim was right or DDA's claim was right, was to refer the matter to an independent technician.

5.122. Asked whether the DDA made any more purchases from this firm thereafter, the Secretary, Department of Rehabilitation stated that four more tractors of 14 HP were purchased from this party in April, 1961. The witness stated that the Director of Stores purchase made a statement that the performance of the 14 HP tractors was satisfactory and the Chief Administrator approved it. The Committee pointed out that there was nothing on record to show that the performance of these 14 HP tractors was satisfactory. The witness stated that it was true but this second order had been placed with this firm in April, 1961 as 14 HP tractors were not considered as unsatisfactory as the 28 HP tractors.

5.123. In reply to a question, the witness stated that on 2nd May, 1961 a supply order was also placed for 28 trailers with this firm. The Committee pointed out that while the DDA had a lot of dissatisfaction and doubts about business with this firm still in May, 1961 DDA placed further orders with them presumably without making tender enquiries or any such thing. The witness stated that for the purchase of 28 trailers in May, 1961, tenders were invited in December, 1960 and the dates of supply orders were 21st April, 1961 and 2nd May, 1964. 16 firms responded for 3 tonners and 4 for 5 tonners. This particular firm with whom the order was placed was not the lowest. The reasons for the rejection of the lowest tender were recorded. Against the lowest quotation of Rs. 2,000 for 3 ton trailers, order was placed at Rs. 3,500. Against the lowest quotation of Rs. 2,000 for 5 ton trailers order was placed at Rs. 3,500. The Committee pointed out that the order was placed with the firm with which the DDA had a lot of trouble. The witness stated "That is right".

5.124. Asked the present position about the utilisation of these tractors, the witness stated that only 2 tractors were off the road for a long time. They would have to be written off because they had been cannibalised. Two more had been off the road for one year and all the rest were either working or off for minor repairs, which were being put right from time to time.

5.125. The Committee desired to be furnished with the exact date on which the Chief Engineer of the DDA visited Calcutta to

see the firm in connection with the purchase of tractors. The note has been received and is at Appendix XI.

5.126. The Committee feel concerned to note that a number of irregularities had taken place in the purchase of tractors. The Committee regret to note that the Dandakaranya Project Authorities did not follow the prescribed procedure (tender system) in making the purchases and deprived Government of the benefit of competitive rates.

5.127. The Committee find from the note furnished by the Ministry (Appendix XI), that the Chief Engineer did not visit Calcutta in February, 1960 for the inspection of trailers. He, however, sent a Technical Officer to contact the firm in question and this officer was in Calcutta from 18th February, 1960 to 24th February, 1960. Secondly, order for the purchase of 28 H.P. and 14 H.P. tractors was placed with the firm by the Chief Engineer without ascertaining suitability of these tractors and without having performance test.

5.128. From the evidence and from the notes submitted, the Committee find that even before the Executive Committee meeting which was held on 18th March, 1960, the Chief Engineer had made up his mind to purchase these smaller HP tractors and indicated his mind also to the suppliers. The reasons for the unusual interest shown by the Chief Engineer in regard to the purchase of 28 and 14 H.P. tractors from a particular firm are not clear. They regret to note that such large purchases of tractors were made without ascertaining their utility.

5.129. The Committee are perturbed to find that when other firms did not give any technical details in their quotations, the D.D.A. did not ask them to furnish such details for 28 H.P. and 14 H.P. tractors for the sake of comparison but accepted the quotation given by a particular firm.

5.130. The Committee do not find any justification for the purchase of these tractors when their performance was doubtful in the trials made by the Project authorities and adverse reports were also received from the Bhilai Steel Project.

5.131. They are also disappointed to find that inspite of dissatisfaction and doubts about business with the firm, trailers were obtained from this firm again in 1961 and 1964 when the quotations quoted by this firm were higher than others.

5.132. The Committee also regret to note that the 10 per cent. balance amount was paid to this firm in March, 1962, even though it came to the notice of the authorities of the Dandakaranya Project that there were some defects in the tractors. The balance of 10 per cent. was released on the firm's assurance that all the tractors would be put on road. In spite of this assurance, the Committee regret to note that the repairs to defective tractors were carried out in the Central Workshop of the Project instead of by the supplier or at least at his cost. The fact that two tractors were off the road for a long time and that they had been cannibalised and would have to be written off and further that two more had been off the road for one year, does not speak well of the quality of the tractors purchased by D.D.A. The Committee desire that this case may be investigated in detail and responsibility fixed for various irregularities.

CHAPTER VI

MINISTRY OF MINES & METALS

*Scheme of subsidy on movement of coal by rail-cum-sea route—
Para 71, pages 80-81.*

6.1. In May, 1961, Government introduced the scheme of subsidy for the movement of 2.03 million tonnes annually of coal by the rail-cum-sea route, in order to improve the position relating to the transport of coal from the collieries in West Bengal and Bihar to Southern and Western India, and to make coal available to consumers almost at the same rate as coal moved by rail. For financing the scheme, the rates of Excise Duty were raised by 80 paise per ton on all coal-coke and by Rs. 1.20 per ton on hard coke with effect from 8 June, 1961, by amending Section 8(a) of the Coal Mines (Conservation and Safety) Act, 1952.

6.2. The total expenditure on the scheme from the date of its inception to the end of 1964-65 works out to Rs. 14.16 crores, as against Rs. 16.22 crores being the net proceeds of the additional Excise Duty collected during the same period, leaving a net surplus of Rs. 2.06 crores:—

(In crores of rupees)

Year	Proceeds of additional Excise Duty	Actual expenditure on the scheme
1961-62	3.45	2.13
1962-63	3.59	3.56
1963-64	4.09	4.72
1964-65	5.09	3.75
1965-66 (Budget)	4.77	2.70
	16.22	14.16

Thus, while the proceeds of additional Excise Duty have been progressively increasing since 1963-64 as a result of increase in the production of coal, the actual expenditure on subsidy has been decreasing.

6.3. The quantity of coal moved under the scheme varied during this period between 1.40 million tonnes and 1.94 million tonnes, as against the target of 2.03 million tonnes per annum; the quantity moved during 1964-65 was 1.49 million tonnes. Following the

improvement in rail traffic, the movement during 1965-66 is estimated at 1 million tonnes only.

6.4. The shortfall in the target of movement of coal by the rail-cum-sea route has been attributed by Government mainly to—

- (i) switch-over of a few industrial units in the South and the West, to fuel oil; and
- (ii) a general fall in the demand for coal.

It is noticed that the average quantity moved by coastal shipment, even before the introduction of the scheme, during the three calendar years ended with 1960 was 1.06 million tonnes per annum.

6.5. The need for a review regarding the continuance of the scheme in view of the movement of coal having declined to pre-1961 level was pointed out to Government in September, 1965. It has been stated by them (November, 1965) that:—

“It may not be proper to assume that movement of coal by rail-cum-sea route would have continued at pre-1961 level without the subsidy scheme. The industry is not in a position to bear higher fuel cost and the only alternative to such industrial units in the South and the West would have been either a switch-over to fuel oil if that is found economical or securing of a higher price for the products (like cement etc.)”.

6.6. The Committee desired to know if Government had reviewed the necessity of continuance of the Scheme or had examined the question of revision of the rate of additional excise duty. The Secretary, Ministry of Mines & Metals informed the Committee that cess was levied on coal in order to subsidise rail-cum-sea movement at a time when there was acute shortage of rail transport for the movement of Coal. Towards the end of 1963 or in 1964 the movement by the rail-cum-sea route started declining for various reasons. One of the reasons was that some of the cement factories in the South and some other industries stopped taking coal as they used to do previously. These factories then switched over to the use of furnace oil and after some time when the concessions given to cement factories in respect of the use of furnace oil had been withdrawn, some of the factories started switching back of coal. The position was rather fluid and the demand for movement of coal by rail-cum-sea route fluctuated all the time. It could not be said for certain even now that the need for rail-cum-sea movement would not be there at all. The matter had been reviewed at inter-Ministerial meetings several times.

6.7. The Committee desired to know the anticipated rate of subsidy per tonne of coal moved by sea and the actuals. The witness stated that they had anticipated that the cost of subsidy would be about Rs. 25 per ton. The Committee pointed out that according to calculations made by Audit the anticipated rate of subsidy year to year was Rs. 15 in 1961-62, Rs. 18 in 1962-63, Rs. 26 in 1963-64, Rs. 25 in 1964-65 and Rs. 24.50 in 1965-66 as against subsidy of Rs. 20 per ton estimated in 1962-63. Explaining the reasons for the increase, the Coal Controller (and the Chairman, Coal Board) stated that the figure in earlier years was lower because the payments fell in arrears. All the payments were to be made on the basis of actual expenditure incurred at different ports. In 1963-64 they had devised a method in consultation with Audit after which, a large amount of arrear claims could be cleared. The lower figures shown in the earlier two years were misleading figures because a large amount of arrears was carried forward.

6.8. Asked about the necessity of this additional cess when the rate of movement of coal during the normal period (1.06 million tons in 1960) and after the imposition of cess under the new scheme was more or less the same, the Secretary, Ministry of Mines & Metals explained that those were the days of acute shortage. During the first three years from 1961-62 to 1963-64 there was quite significant increase in the movement of coal in the South and West. It was 1.4 million tonnes in 1961-62, 1.93 million tonnes in 1962-63, 1.76 million tonnes in 1963-64. It started declining in the year 1964-65. At the time, the scheme was envisaged the coastal shipping was not a position to handle all the traffic. They augmented the number of ships on the understanding that this traffic in coal would be available for a number of years. But although the decline in the movement started they could not discontinue the movement and kept it going for some time.

6.9. In reply to a further question the witness stated that all the factors known at that time were taken into consideration but due to certain adverse and uncertain factors there was a sudden set back to the movement of coal by sea e.g., ships had to be diverted to the movement of food and certain factories switched over to the use of furnace oil.

6.10. Asked whether the demand for coal was slack or whether there was bottleneck in supply, as a result of which they could not achieve the target of moving 2 million tonnes, the witness stated that there was bottleneck in both demand and supply. Sometimes demand was there, but there were no ships and sometimes there were ships but the demand was not there.

6.11. When the Committee desired to know if they had assessed the quantity of coal required to be moved by rail and by sea route and whether there was good demand for coal in Southern and Western regions, the witness stated that they had enquired about the capacity of the railways to move the coal but there was no definite reply from them. All movement of coal to West Coast now was by rail routes and not by rail-cum-sea route. They had made some estimates of the likely demand of the coastal traffic and they found that the industries would take only about .75 million tonnes of coal from coastal route. The Railways had said that by the end of the Fourth Plan they would not take any coal by the coastal route.

6.12. In reply to a further question, the witness stated that they were considering whether to continue the scheme or not. But they had an understanding with the coastal shipping companies that so much traffic would be available for some years to come and as such they did not discontinue it immediately. The witness further explained that the purpose of the scheme was to give cheaper coal to Railways and other factories and to keep the movement of coal going on as far as possible, otherwise those industries would have remained without coal and there were chances of the price of coal going up. Asked about the increase in the coastal rates which were likely to affect the price of coal, the witness agreed to examine the aspect in consultation with the Ministry of Transport.

6.13. At the instance of the Committee the Ministry of Mines and Metals have furnished a comprehensive note (Appendix XII), regarding movement of coal year-wise, the benefit the people got from the levy of the cess and how long this levy was to continue etc.

6.14. The Committee feel that the Ministry of Mines and Metals have not been able to fully justify the necessity of continuing the scheme of rail-cum-sea movement of coal which was started in 1961. In the written note (Appendix XII) furnished at the instance of the Committee by the Ministry, one of the reasons given for starting this scheme was that there was acute shortage of rail transport and by introducing this scheme they expected to relieve the pressure on railways while maintaining a regulated supply of coal.

6.15. The Ministry in their note have given the following justification for levy of the excise duty and the cess:

“The transport of coal by rail-cum-sea route is more expensive largely on account of higher coastal shipping freight rates. It was, therefore, felt that the coal transported by

the sea route should be made available to the consumers at almost the same price as corresponding grades of coal transported by all rail routes. This was sought to be achieved partly by reducing the rail freight rates for the movement from Bengal/Bihar coalfields to Calcutta port, partly by a small increase in the general rail freight rates for coal and partly by means of a subsidy which was to be covered by levy of a further cess on coal".

6.16. The Committee find, however, that the movement of coal by rail-cum-sea route did not materialise to the extent (2.03 million tonnes annually) anticipated, but it declined in respect of Coal supplied both to railways as well as to industrial consumers, as the years passed as will be evident from the following figures supplied by the Ministry in their note:

(Figures in million tonnes)

Year	Railways	Industrial consumers	Total	Percentage increase with year 1960 (1.07 million tonnes as base)
1961-62	1.02	0.38	1.40	30
1962-63	1.37	0.56	1.93	80
1963-64	1.32	0.44	1.76	64
1964-65	1.15	0.34	1.49	39
1965-66	0.79	0.32	1.11	3

6.17. The Committee note with regret that the Government had not even in any one year achieved the target of movement of coal by rail-cum-sea route (viz., 2.03 million tonnes). On the other hand, the proceeds from subsidy went on increasing from year to year. It resulted in a net surplus of about Rs. 2 crores from May, 1961 to March, 1965, and yet they maintained the levy at the same rate year after year. The Government did not review the position also as they had an understanding with the shipping companies that the scheme would work for some years to come.

6.18. The Committee feel that the Government should undertake a review of the scheme to see whether it is desirable to continue the scheme any further or whether it needs change or modification. Since, the object of levying the additional excise duty was to cover the element of subsidy given to the movement of rail-cum-sea route, there is a prima facie case for reducing the amount of additional excise duty. The Committee would like to be informed of the action taken in this regard.

**AUDIT REPORT ON THE ACCOUNTS OF THE COAL BOARD
FOR THE YEAR 1964-65**

6.19. The Coal Board set up under the Coal Mines (Conservation and Safety) Act, 1952, for the purpose of maintenance of safety in coal mines and conservation of coal, is financed from the net proceeds of excise duty levied on coal/coke raised/manufactured and despatched from collieries.

6.20. A summary of receipts and payments under broad heads during 1963-64 and 1964-65 is given below:

Receipts	1963-64 1964-65		Payments	1963-64 1964-65	
	(In lakhs of rupees)			(In lakhs of rupees)	
Opening Balance	170·91	214·76	<i>Revenue expenditure</i>		
Excise duty received under Section II.	460·16	560·00	Administration of the Board	22·56	25·00
Loan from Government of India	200·00	300·00	Grant of stowing materials, other assistance etc.	290·15	355·02
Interest on investments	9·60	3·27	Other measures connected with the Administration of the Act.	3·04	36·80
Repayment of loan by the collieries for purchase of stowing plant	9·29	4·38	Protective works	20·49	19·35
			Contribution to Mining Research Station	8·25	Nil.
			Assistance to collieries handicapped by adverse factors	159·99	209·00
Other receipts	1·34	1·99	Central Ropeways Scheme.	Nil.	10·00
			Miscellaneous	0·83	0·98
			<i>Capital expenditure</i>		
			Building for office accommodation	0·26	0·45
			Central Ropeways Scheme	130·97	239·36
			Closing Balance	214·76	188·18
TOTAL	851·30	1084·40	TOTAL	851·30	1084·40

The closing balance of Rs. 188·18 lakhs as on 31-3-1965 comprised investment of Rs. 56·51 lakhs in Government of India securities and Rs. 131·67 lakhs in cash.

6.21. The Committee desired to know the performance of the ropeway that was completed and was in operation. The Coal Controller (and Chairman, Coal Board) stated that it was not yet working at full capacity. It was working only one shift as against three and the sand lifting by the collieries by this ropeway had also begun. The total expenditure incurred on Area 'D' Ropeway was Rs. 2.79 crores. The estimated and the actual expenditure had so far been more or less equal on this ropeway. It was on a turn-key contract basis except for escalations. As regards the expenditure on ropeways which were unfinished, the witness stated that the estimates were likely to be exceeded as they had incurred certain escalation charges during the currency of the contract and those were yet to be settled.

6.22. At the instance of the Committee the Ministry of Mines and Metals have furnished a comprehensive statement regarding total expenditure incurred on the two ropeways which were not completed, (Appendix XIII).

6.23. From the note furnished by the Ministry of Mines and Metals the Committee find that the 'Jambad-Kajora' and 'Area F Ropeways' were scheduled to be completed by January, 1966 and October, 1966 respectively, but the expected completion dates were now January, 1967 and December, 1967 respectively. As a consequence the likely extra cost under escalation on the two ropeways was estimated to be as follows:—

J.—K. Ropeway	Area 'F' Ropeway
Rs. 25.97 lakhs	Rs. 52.00 lakhs

Extra liability due to devaluation for payment of imported materials is likely to be of the following order:—

J.—K. Ropeway	Area 'F' Ropeway
Rs. 65.03 lakhs	Rs. 35.00 lakhs

6.24. The Committee feel that the work on the two ropeways had been considerably delayed and this was likely to raise the total cost of the two ropeways by as much as Rs. 77.97 lakhs.

6.25. The Committee desire that the Ministry should inquire into the reasons for delay in implementation of these two schemes and should also make special efforts to expedite the erection of the two ropeways and complete the work without further delay.

(2) Non-recovery of instalments of loan.

6.26. In February, 1957 the Board sanctioned a loan for the purchase of machinery, amounting to Rs. 1.50 lakhs to Colliery 'A', repayable in ten annual instalments. The colliery also executed a hypothecation deed pledging its assets as security for the loan. The colliery failed to pay the eighth instalment amounting to Rs. 15,000, due in February, 1965 and the interest of Rs. 2,700 on the outstanding loan; and, in November, 1964, sold its assets to another colliery, without the prior permission of the Board. The recovery of the outstanding loan of Rs. 45,000 and interest is awaited (October, 1965). The question of initiating legal action against the colliery for breach of the agreement is stated to be under the Board's consideration. In the meantime, the Board has also received an order from the Calcutta High Court to pay all sums due to the colliery, to the extent of Rs. 2.50 lakhs, to the Sheriff of Calcutta.

6.27. The Coal Controller informed the Committee that in April, 1965 they came to know about the sale of the hypothecated assets. The part sold was a slusher and it was sold to East Lakdih Coal Company Private Ltd. They took legal opinion and gave notice to M/s. B. N. Mondal & Co., (from which the arrears were due) calling for the return of the assets. The company wrote back in September, 1965 that the Board could recover instalments of the loan from the dues on account of subsidies as they fell due to the company. As a result of this they could recover one instalment only from the dues which became due to the company from the subsidies and the balance could not be recovered yet. Since September, 1965 the coal Board had received notices from the High Court of two more suits of other creditors amounting to Rs. 2.5 lakhs. Asked why no action was taken in September, 1965 against both the parties, viz., the colliery which sold and the colliery which purchased, the witness stated "that was a lapse on our part". Asked when this was realised, the witness stated, "only after the P.A.C. meeting."

6.28. In reply to a question, Secretary, Ministry of Mines and Metals explained that the Board was anxious to recover its money and sought legal advice of the solicitor. They were advised to give notice to both the parties (the colliery which sold and the colliery which purchased) but only one party was given notice.

6.29. In reply to a question whether the legal advice was taken in November, 1965 because of the receipt of notices from the High Court or for purposes of recovering the money, the Secretary admitted that "advice was taken because of the High Court's notice". He,

however, added that another advice was also taken on 17th July, 1965 and that advice was taken because Coal Board itself wanted to recover that money. Asked why notice was given to one party when the legal advice taken in July, 1965 was for both the parties, the Secretary stated "this seems to be a mistake." Asked when this mistake was discovered, the Secretary stated "during the last few days." He added "I have no explanation for this." The Committee were also informed that the total value of the loan given in this case was Rs. 1.50 lakhs and the assets purchased were also of the same value. Apart from the plant and machinery the other assets were also hypothecated.

6.30. The Committee enquired about the procedure of dealing with Audit Report on the accounts of Autonomous bodies like Coal Board, etc., in the Ministry, the Secretary stated that it was not possible usually for the Ministry to go into such great details of each case (of Audit Report). He admitted, however, that in the light of the facts disclosed, it seemed that the Coal Board did not place the full facts before the Ministry. He stated: "the full facts came to our notice after we studied the case in detail in the last few days", and further added: "it appears to me that efforts should also have been made to recover the property from the buyer of the equipment. That action was not taken." Asked if he proposed to improve the system of examining the various Audit Reports of the Board in the Ministry, the witness stated: "Yes, sir, we will have to do that."

6.31. Asked how the valuation of the assets was made in this case before advancing Rs. 1.50 lakhs as loan, the Coal Controller and Chairman Coal Board explained that for machinery they obtained the bills when it was purchased, and for other assets they got the purchase price from their Inspecting Officer and the Company. While no actual valuation was made, the machinery was in working order and in the meantime the Inspecting Officer certified that it was technically in good condition. The entire assets of the company were valued at Rs. 8.88 lakhs. Asked whether it had been found out whether according to hypothecation deed Board's claims would be the first charge on the assets, it was explained by the representative of the Ministry that it was a case of hire purchase. The property was purchased by the Board. The property remained with the Board until the entire amount was liquidated. The question of first charge was only in respect of other property of the colliery which were hypothecated with the Board.

6.32. In reply to a further question the witness stated that the Board took concerted action to recover the property back from the

purchaser. He also explained that the new machine was under hire purchase and it was in the ownership of the Coal Board, and not "technically hypothecated". Asked why in that case the Audit para was not disputed, the Coal Controller stated "that was not explained. There were two parts of the deed; one was the property in the ownership of the Board—and the other part which was hypothecated." There was a regular document to this effect.

6.33. At the instance of the Committee the Ministry of Mines and Metals have furnished a copy of the hypothecation agreement.

6.34. The Committee regret to note the serious lapses that occurred in this case. Although in April, 1965, the Board came to know about the sale of hypothecated assets by the Company, and the Company had defaulted in the repayment of the 8th instalment fell due in February 1965, till September, 1965, they had not been able to recover more than one instalment of the dues, nor did they take any action for breach of contract against the Companies (the Company which sold the assets) and to recover the money due to the Board.

6.35. Another lapse for which no explanation could be given, was the fact that though the legal advice given in July, 1965 was to give notice to both the parties, yet for reasons not easy to understand the Board gave notice to one party only and thus not only forfeited their right to safeguard their interest but further jeopardised it.

6.36. It is evident from all this that the Board had not taken such an active interest to recover the loan amount, etc., as should have been done.

6.37. The agreement signed with the Company does not provide that the Board's claim on the company will be given preference over all other claims but it contains the following provision:—

"The said machinery and plant and each and every one of them shall be kept in the possession of the hirer at the said colliery or at such other address as the Board may be writing authorise free from distress, execution or other legal process what so ever and the hirer shall on no occasion re-sell, assign or deal with nor shall the hirer part with possession thereof or any portion thereof."

"The hirer shall not so long as any money remains due and payable to the Board under the provision thereof create or purport or agree to create any mortgage or charge on the said colliery or any of the lands, mines and buildings thereof without the previous consent in writing of the Board."

6.38. In spite of this provision the Board sought no legal remedy to bring the company to book. For some time there appear to be some confusion in the Board as to what machinery or assets were hypothecated, whether the company could be legally do so, and what machinery was acquired on hire purchase basis. As a result they could not take any action against the company which hypothecated a part of the machinery which belonged to the Board without the Board's knowledge or consent in writing. The Committee regret to note this lapse on the part of the Board and suggest that the Board should be more careful in future in safeguarding public funds.

6.39. The Committee would like to be informed of the final position about the recovery of the balance of the loan and interest outstanding against the colliery, in due course.

6.40. The Committee regret to note that the Ministry do not seems to have a proper system of scrutinising the Audit Reports and initiating action thereon. They therefore desire that Ministries of Government should improve their system of scrutiny of Audit reports not only in respect of the Ministries themselves but in respect of all Boards/Depts. Organisations under them and ensure that all actions arising therefrom are initiated promptly.

6.41. (3) *Irregular payment of special assistance on account of adverse factors.*

(B) During the period from June, 1962 to March, 1964, special assistance amounting to Rs. 1.49 lakhs was granted to Colliery 'O' on the basis of a gradation fixed in 1960, although according to the grade obtained in a subsequent analysis of the samples drawn in 1961, no assistance was admissible to the colliery on this account. On the basis of analysis of samples subsequently drawn during May-August, 1963, which confirmed the results of analysis conducted in 1961, the revised gradation was fixed only in February, 1964. The delay in the revision of the grade has thus resulted in avoidable payments in the meantime.

6.42. Asked why assistance amounting to Rs. 1.49 lakhs was given to a particular colliery between 1962 and 1964 on the basis of a gradation fixed in 1960 although no assistance was admissible to them on the basis of analysis of samples drawn in 1961 and 1963, the witness stated that "This case, I am afraid, is a bit difficult to explain, particularly the delay, after 1961 samples were received in the Board. There seemed to have been a series of unfortunate coincidences. He added that no action could be taken to rectify the mistakes. One of the reasons was the Government's policy to go slow in the matter of downgrading. After the Chinese aggression instructions were given to foster the coal production at any cost and not to pay any attention to downgrading. So, between September,

1962 and about June-July, 1963, downgrading was suspended. Subsequently, samples were taken and gradation fixed. The particular colliery was permanently closed down in April or May, 1964 within a brief period of the downgrading.

6.43. On the question of delay in taking samples and fixing the grades, the Committee drew the attention to the following remarks on Mahatab Committee's report:—

“What is worse, the coal received by the Steel Works as well as in the washeries has been one or two grades lower than those for which payments are made to the suppliers on the basis of grading made by the Coal Controller. The consequent overpayment has added to the actual cost to some extent. This is a situation which in the Committee's view needs immediate rectification.”

The Coal Controller stated in brief that HSL's sampling results were at least as unreliable as the Coal Board's, if not more.

6.44. The Committee pointed out that the system of grading was imperfect and as a result the consumers were required to pay much more than the laws of the country had contemplated. The witness stated that they might be paying much less also. He pointed out that in Bhilai and Rourkela Steel Plant the coal was generally found to be 2 to 3 grades better than the grades they were paying for as assessed by the Coal Board.

6.45. The Committee desired to know the action taken on their recommendation made last year for implementing the recommendations of the Special Technical Committee appointed to revise the system of grading of coal. The witness stated that ISI had appointed a study group to look into the matter.

6.46. At the instance of the Committee the Ministry of Mines and Metals have furnished a detailed note indicating what different factors were taken into consideration in fixing the rate of assistance to different collieries and is at Appendix XIV.

6.47. The Committee regret to note that in spite of their recommendation for revision of the system of grading of coal in 1963 in para 21 of their 25th Report (1963-64), reiterated in their 54th Report (1965-66), no action appears to have been taken by the Government in this regard so far. The system of grading of coal is still far from satisfactory and because of the defective system, the consumer in the country is sometimes required to pay much more than the quality of coal offered in return. The Committee hope that suitable steps would be taken to implement their earlier recommendations.

NEW DELHI;

R. R. MORARKA,

November 18, 1966.
Kartika 27, 1888 (Saka).

Chairman,
Public Accounts Committee.

APPENDIX I

(Reference para 1.45 of the Report)

Note regarding delay in the Import of Gas for the Cold Storage Plant at Lady Hardinge Medical College & Hospital, New Delhi.

The Cold Storage Plant at the mortuary of the Lady Hardinge Medical College & Hospital was D.C. Plant and was being run with the D.C. supply. With the conversion of many areas in New Delhi from D.C. to A.C. supply it became difficult to procure spare parts for D.C. appliances. Frequent trouble was experienced with this Plant. This was brought to the notice of the Air Conditioning Division of the C.P.W.D. by the Lady Hardinge Medical College. It was, therefore, decided that this Plant might be converted for use with A.C. supply. The New Delhi Municipal Committee also took action to convert D.C. supply into A.C. in this Area.

Accordingly an estimate was framed by the C.P.W.D. and sent to the Lady Hardinge Medical College and Hospital which was sanctioned on 16th January, 1961. The provision made in the estimate for service connection for airconditioning was found to be inadequate and therefore a revised estimate was sent on 7th August, 1961. The administrative approval for the amended estimate was received by the C.P.W.D. on 13th November 1961. After the receipt of the sanction orders for various components required for the conversion of the D.C. Plant into A.C. were placed. Some of the components like electric motors were received in March, 1962.

There was, however, difficulty in procuring freon gas required for the Plant. Freon gas is an imported item and is generally procured through the D.G.S.&D. by placing bulk indents. In the present case the bulk indent could be placed with the D.G.S.&D. only on 18th February, 1963 for the supply of 240 Kg. of freon gas, after consolidating the requirements for other works. As the D.G.S.&D. would not entertain any indent for material costing less than Rs. 2,000, it was necessary to consolidate the requirement of gas. The indent of 240 Kg. thus calculated and mentioned above included 50 Kg. of freon gas required for cold storage plant for the mortuary in question and also other air conditioning and refrigeration equipment in Lady Hardinge Medical College and Hospital.

The A/T was issued by the D.G.S.&D. on 23rd April, 1963. Part supply of 52.80 Kg. of the gas against this A/T was received on 30th March, 1964, which was entirely used for some emergent work of Hotel Janpath. The second supply of 174.30 Kg. of freon gas was received in March, 1965. The supplier thus completed supply of 227 Kg. against 240 Kg. provided in the A/T and further supply could not be obtained from the firm. Because the total quantity of gas received was less than the quantity demanded, allocation had to be made for different works on the barest minimum requirements. Out of this quantity, 43.90 Kg. of gas was allocated for Lady Hardinge Medical College and Hospital, New Delhi against a demand of 50 Kg. for the following plants:—

1. Air Conditioning Plant 15-ton capacity Operation Theatre.
2. Air Conditioning Plant 3-ton capacity Post Operation Room of Gyne and Surgical Ward.
3. Mortuary cold storage plant 3-ton capacity.
4. Air Conditioning Plant 5-ton capacity, Maternity Ward.
5. Hot and Cold Room in Bacteriology Department.
6. Refrigerators.
7. Air Conditioners.
8. Water Coolers.

Because the supply was received two years after the indent was placed, the quantum of gas required for replenishing plants already in operation consequently increased. The allocation made for 43.90 Kg. of gas had therefore to be utilized in air conditioning plant for operation theatre and refrigerators for storing important medicines. as these were not functioning properly, leaving nothing for the cold storage plant in question. In order to activate storage plant in question, there was no other alternative but to await the supply of gas expected to be received against another indent which was placed on the D.G.S. & D. on 12th February, 1964, the A/T of which was issued on 8th March 1964. Against this A/T, 173.20 Kg. of gas was received on 24th February 1966. After the receipt of this gas, the plant was completely over-hauled, tried and put into commission on 8th August, 1966.

APPENDIX II

(Reference para 1.63 of the Report)

Note indicating the expenditure incurred on research schemes undertaken during 1961—65 etc.

MINISTRY OF HEALTH AND FAMILY PLANNING

Para 133—Indian Council of Medical Research—premature termination of enquiries.

Please furnish a note indicating the expenditure incurred:

- (i) on the research schemes undertaken during the period 1961 to 1965, enquiries into which are continuing or have been completed; and
- (ii) on the research schemes enquiries into which had been dropped.

Reply:

- (i) Rs. 1,24,20,631.63.
- (ii) Rs. 19,43,571.00.

The details are explained below:—

Table I

	1961-62	1962-63	1963-64	196 4-65
1. Number of enquiries sanctioned	198	226	178	208
2. Number of enquiries terminated by Expert Groups/Adv. Committees/Scientific Advisory Board.	20	42	14	7
3. Number of enquiries terminated by the Officer-in-Charge.	3	10	3	4

The expenditure for the sanctioned schemes is as under:—

Sl. No.	Year	No. of Schemes sanctioned	Expenditure
1.	1961-62	198	27,19,536.87
2.	1962-63	226	35,32,208.44
3	1963-64	178	31,01,478.03
	1964-65	208	50,10,979.29
		810	1,43,64,202.63

It will be seen from the above that in all there were 810 schemes/projects considered for grant by the Council during the 4 years under review. Of these, 103 were discontinued or 707 were continued as considered sound and worthy of further support by the Expert Group/Committees.

Only 103 out of 810 schemes were discontinued, i.e. only 12% were dropped. Of these 103 schemes, 83 were dropped on the recommendation of the Expert Group for very good reasons after careful consideration of the pros and cons of each proposal. In some of those 83 schemes the reasons were not recorded owing to pressure of work on the Expert Group, particularly its Chairman, who is invariably a senior honorary research worker of the Council. In a number of cases, however, the reasons for non-continuation of the schemes have not been recorded deliberately in order to avoid acrimonious correspondence with the Officer-in-Charge Schemes/Enquiries. It will be noticed that only 20 schemes out of 810 or 2.5% were discontinued by the Project/Enquiry Officers themselves. The reasons for discontinuance, though not recorded in some instances by such officers, are mainly transfer to another station, deputation for studies abroad, non-availability of technical personnel or import licence etc. etc.

The sanctioned expenditure on these 103 schemes dropped during the 4 years amounts to Rs. 26,75,980 and not Rs. 21 lakhs whereas the actual expenditure incurred on these schemes during the 4 years was Rs. 19,43,571. The total expenditure incurred on 20 schemes dropped by the research workers themselves amounts to Rs. 2,87,731, which is only a fraction of the total expenditure sanctioned for the current schemes in the 4 years, as has been given in Table I.

The schemes are sanctioned for one year only and are continued from year to year if the Expert Group is satisfied with the progress

of the enquiry. The Expert Group is the competent technical authority to discontinue or terminate the scheme subject to the approval of the Governing Body. The enquiry is terminated by the Expert Group if it is considered that it is not likely to yield further useful information or it has come to a logical conclusion.

Sd/- R. N. MADHOK,
Joint Secretary to the Govt. of India.

APPENDIX III

(Reference para 2.14 of the Report)

MINISTRY OF HOME AFFAIRS

Land Acquisition Collectorate:

Sub-Para (a) (i):

- (i) *Question:* Out of the cases which went in appeal what is the percentage of cases in which compensation was enhanced in appeal during the years 1962-63, 1963-64 and 1964-65?

Answer: The figures are as under:—

	1962-63	1963-64	1964-65
(a) No. of cases decided by the Court .	255	372	650
(b) No. of cases in which compensation was enhanced.	165	263	477
(c) Percentage of enhanced cases with reference to decided cases	64.7	70.7	73.4

Sub-Para (a) (ii):

- (ii) *Question:* What is the percentage of cases in which the Administration filed appeals before the High Court? In how many cases, the appeals could not be filed because of time bar?

Answer: The figures are as under:—

	1962-63	1963-64	1964-65
(a) Total number of cases where compensation was enhanced	165	263	477
(b) Cases in which appeals were filed .	35	14	46
(c) Percentage of appeal cases with reference to enhanced cases	21.2	5.3	9.6
(d) In how many cases, the appeals could not be filed because of time-bar .	—Nil—		

APPENDIX IV

(Reference para 2.67 of the Report)

MINISTRY OF HOME AFFAIRS

Note re: applications received and loans granted to Political sufferers

Question : Whether applications were received from any Political Sufferer belonging to parties other than Congress Party were rejected?

Answer : Yes.

(a) (ii) **Question :** Whether any loans were granted to Political Sufferers belonging to parties other than Congress Party?

Answer : Yes. Out of 116 recipients, at least three political sufferers belonged to parties other than the Congress Party.

(b) **Question :** What is the composition of the Political Sufferers Relief Committee and the party affiliation of each member?

Answer :

Date of establishing Committee	Members	Party affiliation	Who appointed the Committee	
1	2	3	4	
9-5-1955	Shri Gopi Nath Aman, Smt. Subhadra Joshi, Shri C. K. Nair, Shri Radha Raman, Shri Hukam Singh, Dr. Sukh Dev, Mir Mustaq Ahmed, Shri Ram Lal Verma,	Chairman Member Member Member Member Member Member, Secy.	Congress Do. Do. Do. Do. Do. P.S.P. Official	Delhi Admn.
Feb., 1957	Dr. Yudhvir Singh, Smt. Sucheta Kripalani, Shri C. K. Nair, Shri Radha Raman,	Chairman Member Member	Congress Do. Do. Do.	Home Minister's Advisory Committee
15-11-1962	Dr. Yudhvir Singh, Shri Radha Raman, Shri C. K. Nair, Shri Naval Prabhakar, M.P. Shri Ram Lal Verma,	Chairman Member Member Member Member Secy.	Congress Do. Do. Do. Do. Official	Delhi Admn.
14-12-1964	Dr. Yudhvir Singh, Shri Radha Raman, Shri C. K. Nair,	Chairman Member Member	Congress Do. Do.	Delhi Admn.

1	2	3	4	
18-6-1966	Shri Naval Prabhakar, M.P., Mir Mustaq Ahmed, Shri Ram Lal Verma, Director, Public Relations, Delhi	Member Member Member- Secy.	Congress Do. Official	Delhi Admn. Do.
	Shri Madan Mohan Singh, Director Public Relations, Delhi, as Member- Secretary in place of Shri Ram Lal Verma, who retired from service w.e.f. 1-3-1966	Official	Do.	

(c) *Question* : Who has appointed the Committee ? At the time of appointment of the Committee, was Mir Mustaq Ahmed a member of the Congress Party ?

Answer : The authority who appointed these committees has been indicated in the answer to question (b).

Party affiliation of Mir Mustaq Ahmed has been indicated in the answer to question (b).]

Sd/- A. D. PANDE,
Joint Secretary (UT)..

APPENDIX V

(Reference Para No. 3.13 of the Report)

MINISTRY OF INFORMATION & BROADCASTING

List of persons who accepted the invitation to attend the Film Festival held in January, 1965 after the expiry of date of acceptance as given in the invitation i.e. 22nd October, 1964.

(A) Invitation were not extended to individual delegates but the countries invited to participate in the festival were requested to depute delegates. Intimation of decision to participate in the festival was to be received by 30th September 1964, entry forms by 22nd October 1964 and particulars of delegates by 31st October, 1964.

(B) *Statement showing dates on which the countries intimated their decision to participate in the festival and the date on which they intimated their decision to send delegations. (Last date for sending intimation: 22nd October, 1964).*

Name of country	Date on which acceptance to participate in the festival was received	Date on which the intimation about delegates was received	Remarks
1. Belgium	30-9-1964	No intimation	
2. Bulgaria	12-10-1964	29-12-1964	
3. Canada	20-9-1964	4-1-1965	
4. Ceylon	5-10-1964	30-12-1964 11-1-1965	
5. Cuba	21-10-1964	7-12-1964	They will not be sending delegates.
6. Czechoslovakia	29-8-1964	24-12-1964	
7. Denmark	30-10-1964	No intimation	
8. Finland	23-10-1964	7-1-1965	Their local representative would attend.
9. France	5-10-1964	30-11-1964 4-1-1965	
10. Federal Republic of Germany	4-9-1964	No intimation	
11. German Democratic Republic	11-9-1964	11-11-1964	
12. Hong Kong	28-9-1964	No intimation	
13. Hungary	24-9-1964	8-1-1965	

Name of country	Date on which acceptance to participate in the festival was received	Date on which the intimation about delegates was received	Remarks
14. India	31-8-1964	5-1-1965	However no delegate came.
15. Italy	1-10-1964	11-1-1965	
16. Morocco	13-10-1964	No intimation	
17. Japan	8-10-1964	26-12-1964	
18. Netherlands	1-10-1964	9-1-1965	Local delegates
19. Nigeria	10-9-1964	28-12-1964	E.A. Ministry informed on this date that there is no proper film industry in Nigeria.
20. Poland	1-9-1964	3-12-1964	
21. Rumania	3-10-1964	26-11-1964	
22. Syria	5-10-1964	15-12-1964	
23. Turkey	9-11-1964	No intimation	
24. U.A.R.	20-9-1964	26-12-1964	
25. U.K.	6-10-1964	5-1-1965	
26. Sweden	14-10-1964	24-10-1964	
27. U.S.A.	12-10-1964	No intimation	
28 U.S.S.R.	20-10-1964	30-12-1964	
29. Yugoslavva	3-10-1964	5-1-1965	Their local delegate attended.

APPENDIX VI

[Reference Para. No. 3.17 of the Report]

MINISTRY OF INFORMATION & BROADCASTING

*Dates on which invitations were extended to members of Juries and
dates on which replies received*

Name of member	Date on which invitations extended	Date on which reply was received	Remarks
1. Shri Satyajit Ray	12-10-64 9-12-64	20-11-64 28-12-64*	*Final reply
2. Shri K. A. Abbas	12-10-64	15-10-64	
3. Mrs. Magda	19-10-64	18-11-64	
4. (a) Mr. M. G. Chukrai (b) Mr. K. Kalatozov	19-10-64 14-12-64	3-12-64	Alternative substituted by USSR
5. Mr. Andrej Wajda	19-10-64	7-11-64	
6. Prof. A. M. Brousil	19-10-64	11-11-64	
7. (a) Mr. Stanley Kramer (b) Mr. Bosley Crowther (c) Mr. Alberto Laruada	19-10-64 7-11-64 23-11-64	6-11-64 21-11-64 11-12-64 30-12-64*	} Regretted *Reversed acceptance
8. (a) Mr. David Lean (b) Mr. Lindsay Anderson	19-10-64 19-11-64	16-11-64 16-12-64	
9. Madame Kawakita	9-10-64	21-10-64	Do.
10. (a) Mr. M. Antonini (b) Mr. Frederico Fellini (c) Mr. Ingmar Bergman (d) Dr. Octavio Paz (e) Shri A. Bheem Singh	19-10-64 10-11-64 18-11-64 14-12-64 24-12-64	3-11-64 14-11-64 10-12-64 21-12-64 28-12-64	} Regretted Did not come
11. Mr. Georges Sadoul	19-10-64	10-11-64	
12. Mr. J. Bhowmagary	12-10-64	16-11-64	
13. (a) Mr. Jiri Trinka (b) Mr. B. Safrancko (c) Mr. F. Drtilek	19-10-64 20-11-64 13-12-64	11-11-64 4-12-64 16-12-64	} Regretted

Name of member	Date on which invitation extended	Date on which reply was received	Remarks
14. (a) Mr. Bert Haanstra .	19-10-64	10-11-64	} Regretted
(b) Mr. Arne Sucksdorff .	20-11-64	25-11-64	
(c) Mr. Charles Huguenot van den Linden	9-12-64	10-12-64	
(d) Mr. Gerard Alcan .	18-12-64	24-10-64	
15. (a) Mr. Norman Malaren .	19-10-64	5-11-64	} Regretted
(b) Mr. Guey Glover .	12-11-64	25-11-64	
16. Mr. Boleslaw Michalek .	19-10-64	7-11-64	

APPENDIX VII

(Reference Para No. 5.13 of the Report)

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION (DEPTT. OF LABOUR AND EMPLOYMENT)

A detailed note showing the number of trainees absorbed in the Defence Establishments after training under the Accelerated Training Programmes.

Under the Accelerated Training Programme started in I.T.Is on 1st February, 1963 two batches were trained:

- (a) First batch which commenced training on 1st February, 1963 and completed six months training on 31st July, 1963.
- (b) Second batch which commenced training on 1st August, 1963 and completed six months training on 31st January, 1964.

2. The second batch consisted of 1823 enrolled soldier trainees only and received salary and allowances from the Army during the period of their training. As they were already employed, the question of their placement did not arise.

3. The first batch consisted of *7,349 Prospective Combatants i.e., those who gave an undertaking to enroll themselves into the Army after completion of training and 13,305 others. Army Recruiting authorities were closely associated with the selection of the prospective combatants.

4. Immediately after the commencement of the first course from 1st February, 1963 instructions were issued on 16th February, 1963 to the State Directors incharge of Training Programmes in the States with regard to the procedure to be followed for the posting of trainees on completion of their period of training. A copy of these instructions is appended.

*In February, 1963 the States were requested to furnish information regarding the admission of trainees for review by the Technical Manpower Committee at its meeting on 23-2-1963. A total of 15,693 trainees (5,598 prospective combatants and 10,095 others) were then reported to have been admitted to the course. When the information was called for from the States in February, 1966 in the proforma furnished by the A.G.C.R. the States reported that the total number of trainees admitted was 20,654 comprising 3,493 combatants, 3,856 prospective combatants and 3,305 others. As there were no combatant trainees in the first batch it is apparent that some States have wrongly classified the 'prospective combatants' as combatants. Accordingly the two figures of 3-493 and 3-856 have been grouped to show a total of 7,349 prospective combatants.

5. On completion of training the prospective combatants were produced before the Army Recruiting authorities for enrolment. The other trainees were offered all possible assistance by the Employment Exchanges for recruitment in the different establishments on the basis of demands received.

6. As desired by the A.G.C.R., the States were requested in February, 1966 to furnish, in the proforma prescribed by him information regarding the numbers of persons absorbed in Defence Services and the number of persons still to be absorbed. According to the information received from the States 4160 persons were absorbed in Defence Services on completion of training. This does not include information relating to Gujarat, Punjab, U.P. and Delhi, who have reported that the required information is not available or is not known. The States have also reported that information regarding the number of persons who still remain to be absorbed is not available or is not known. As desired by the Public Accounts Committee the Ministry of Defence have been requested to furnish complete information regarding the total number of persons absorbed by the Defence Services and other establishments.

Sd/ S. ABDUL QADIR,
Director General of Employment & Training
& Joint Secretary to the Govt. of India.

No. CEE(D) 1 (13)/63

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF EMPLOYMENT AND TRAINING
(MINISTRY OF LABOUR AND EMPLOYMENT)

New Delhi-1, the 16th February, 1963.

27th Magha, 1884.

From

Dr. S. N. Channa,
Director of Employment Exchanges.

To

All State Directors,
(Training).

SUBJECT:—*Posting of trainees for employment on completion of training under the Accelerated Training Programme.*

Sir,

The training of candidates under the accelerated and special short term training programmes has already commenced or will be commencing very shortly in all the States. It is essential that the

services of these candidates are utilised without any delay on completion of their training. To ensure that there is no avoidable delay in considering these candidates for appointment, it is requested that the following procedure may kindly be observed:

- (i) Well in advance of the completion of each training course, information regarding the number of prospective combatants in each of the trades should be furnished to the Recruiting Officers concerned. The date on which the training course will terminate should also be specifically stated. This advance information will enable the Recruiting Officers to make arrangements for the selection of the trainees at the Institutes concerned.

It will be appreciated that if these selections are not made by the Recruiting Officers before the trainees actually leave the Institutes, there are likely to be difficulties in again assembling them for recruitment. Hence, it is *most essential that this information should be sent to the Recruiting Officers sufficiently in advance and it must reach the Recruiting Officers one month prior to the date of completion of training.*

- (ii) If it is found that in addition to the prospective combatants, any of the other trainees also desire to be enrolled, information in respect of such persons should also be furnished to the Recruiting Officers without any delay to enable the Recruiting Officers to make necessary arrangements for enrolment.
- (iii) As regards those trainees who are not prospective combatants, it should be ascertained from them whether they desired to be considered for appointment in the defence establishments such as Ordnance factories. Appointments in these establishments will be in a civilian capacity (they will not be enrolled personnel) and this fact must be clearly explained to the individual trainees. Particulars regarding such of them who desire to be considered for civilian appointments in defence establishments should be furnished to the Directorate General of Employment and Training [CEE(D)] so that necessary arrangements can be made with the appointing authorities to send recruiting team for considering these candidates for appointment. Here again, it is essential that this action is taken at least one month in advance of the completion of training.

2. It is requested that necessary instructions may kindly be issued to the Principals of all the Training Institutes where the accelera-

ted and special training courses are being conducted. They may also be asked to endorse to this Directorate General a copy of the particulars which they furnish to the Recruiting Officers.

3. The receipt of this letter may please be acknowledged.

Yours faithfully,

Sd/- S. N. CHANNA,

Director of Employment Exchanges.

1. Copy to all State Co-ordinating Officers.
2. All State Directors (Employment).
3. Principals of Central Training Institutes for Instructors.
4. Principals of Industrial Training Institutes/Centres under the Craftsmen Training Scheme.
5. D.T., DDT, ADT of D.G. E. & T.
6. WB(ES) and TP Section of DGE&T.

Sd/- M. K. NAIR.

for Director of Employment Exchanges.

APPENDIX VIII

(Reference Para No. 5-29 of the Report)

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(Department of Rehabilitation)

Out of the total amount of Rs. 298 lakhs shown in the registers, how much represented the corrected amount and how much represented the amount still to be corrected

The amount of Rs. 298 lakhs (actually Rs. 298.73 lakhs) referred to above represents the arrears of rent in respect of evacuee properties outstanding as on 30-6-1966 in the States of Punjab and Delhi only. The number of occupants contacted by the squads in Delhi and Punjab was 31,758 the amount due for recovery involved in which was Rs. 83.55 lakhs. Out of this, the correct amount due was found to be Rs. 57.87 lakhs only. Action to work out the correct amount due in respect of the balance (Rs. 215.18 lakhs) is still to be taken.

Dated 13-9-66.

F. No. 16 (63)/L&R-66.

Sd/- V. NANJAPPA,

Secretary to the Govt. of India.

APPENDIX IX

(Reference Para No. 5.38 of the Report)

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(Department of Rehabilitation)

(i) A note showing the dates on which the defaults in regard to the 5 cases were actually committed and the dates on which departmental enquiries were started and the nature of departmental enquiries made.

(ii) A note stating the reasons why for 18 months inspite of reminders, returns were not sent and why no action was taken against the delinquent officials till 16th July, 1966, even though the S.P.E. reported the matter to the Ministry in November, 1965.

A statement (Annexure) showing the names and particulars of allottees, particulars of land and its location, amount actually paid per record, balance as shown due from the allottee in the statement, amount collected by Dalal and his name, number and date of the fictitious challan with its amount and Sanad number and date of issue, in respect of the 5 cases is enclosed. Although the dates on which defaults in regard to the 5 cases were actually committed cannot specifically be stated, yet the dates recorded on the fictitious challans might be taken as the dates on which the defaults were committed.

The dates on which the departmental enquiries were started and the nature of the departmental enquiries made are indicated as under:—

- (i) The two delinquent officials, Sarvshri B. L. Setia and B. L. Babbar were both suspended on 31-5-65.
- (ii) Departmental action was initiated on 29-4-1966, when explanations of the delinquent officials were first called.
- (iii) Charge sheets were served on the officials concerned on 12-7-1966.
- (iv) Replies to the Charge sheets were received on 23-7-66 and 27-7-66, respectively.
- (v) Enquiry Officer was appointed on 3-8-1966.

The note regarding reasons why for 18 months, inspite of reminders, returns were not sent, has been sent separately. As regards the question why no action was taken against the delinquent officials till 16-7-66 even though the S.P.E. reported the matter to the Ministry in November, 1965, it is stated that initially it was intended that all cases involving suspected fraud pertaining to the issuance of Sanads in the office of the Managing Officer, Sri Ganganagar which might be detected by scanning of five thousand and odd sanad cases, would be referred to the Special Police Establishment for investigation and further action. It may be recalled that four cases had already been registered by them and after conducting investigations, the same had been filed in the Court of Special Judge No. 2, Jaipur. Subsequently, 13 more cases which had been detected during the course of scanning of old sanad cases, were referred to them in April, 1965, but the same were returned with the remarks that it would be advisable to keep these cases pending till investigations in earlier four cases were completed. Six out of these cases were, however, sent to them again in October, 1965 but the S.P.E. registered only one case and returned the remaining five cases in December, 1965 on the plea that no useful purpose would be served to register more cases of the same nature as the accused persons Sarvshri B. L. Setia and B. L. Babbar, Lower Division Clerks, were common in almost all cases and that they would get sufficient punishment in the four cases already filed by them in the Court. They however, advised that these five cases as also all other cases of the same nature which might come to notice, might be disposed of by holding a departmental enquiry against delinquent officials. Before starting departmental enquiry, it was considered necessary to scan all the cases in which sanads had been issued, so that concerted action might be taken at one time in respect of all cases of fraud. This was in itself an uphill task which took a considerable time as the scanning work continued till the second week of July, 1966. In addition to the five cases registered by the Police, 24 cases were detected in which investigations were immediately initiated. In a large number of these cases, it became difficult to contact the concerned parties, who had shifted from their previous addresses and due to very poor means of communications in Sri Ganganagar district, preliminary investigations, which were necessary to establish *prima facie* cases also took considerable time. However, departmental action was started on 29-4-66, when explanations of the delinquent officials viz. Sarvshri B. L. Setia and B. L. Babbar, were called for. Charge sheets were served on them on 12-7-66. The Regional Settlement Commissioner, Jaipur, in his D. O. letter No. RSCR/PA/Enq-GNR/Vol. III/66/6760, dated the 10th July, 1966, stated that before

commencement of the enquiry against Sarvashri Setia and Babbar the statement of Shri S. P. Mathur, the then Managing Officer, who had been attesting various entries in the ledger account of the allottees concerned and also Sanads, would be absolutely essential and will throw light on some important aspects of these cases. The Regional Settlement Commissioner further stated that this would enable him to determine whether he (Shri Mathur) also has to be proceeded against departmentally or his evidence as a witness would be beneficial to the department against other delinquent officials. Since Shri Mathur was working as Managing Officer (Grade II) under the Regional Settlement Commissioner, Delhi, the Assistant Settlement Commissioner in the office of the Regional Settlement Commissioner, Delhi, was asked to direct Shri Mathur to report himself to the Regional Settlement Commissioner, Jaipur, on 15-7-66. Accordingly, Shri Mathur was examined by the Regional Settlement Commissioner, Jaipur, in detail regarding the procedure of issuance of Sanads adopted by him in the office of the Managing Officer, Sri Ganganagar, and in regard to other lapses on his part. Shri Mathur furnished his explanations on 16-7-66. The enquiry against the delinquent officials is still under progress. The enquiry against Shri Mathur was ordered on 21-7-1966.

Sd/- V. NANJAPPA,
Secretary to the Govt. of India.

ANNEXURE

Sl. No.	Name and particulars of allottee	Particulars of land and its location	Amount actually paid as per record	Balance shown as due from the allottee in the statement	Amount collected by the Datal & his name	No. and Date of fictitious challan with its amount	Sand No and date of issue
1	2	3	4	5	6	7	8
1	Shri Nenuram s/o Lekhu Ram resident of 5 RB vill. Jaloki, Teh. Padampur, Distt. Ganganganagar.	Square No. 67 (25-C Killa in 5 RB vill. Jaloki Teh. Padampur, Sriganganagar	By cash 1030 By adjustment 1050 Total : 2080	Rs. 4838-88 P.	Rs. 2500/- by Sh. Ram Lal Arota.	No. 478 dt. 17-7-63 Rs. 4838-88 P.	No. 4676 dt. 14-10-63
2	Sh. Hariram s/o Teju Ram r/o 7 KB Vill. Jaloki, Teh. Padampur, Sriganganagar.	Square No. 31 (25-o Killa) in vill. Jaloki, Teh. Padampur.	By cash Rs. 1513-12	Rs. 5420-91 P.	Rs. 3300/- by Sh. Topandass (deceased)	No. 103 dt. 23-5-63 Rs. 5420-91P.	No. 4435 dt. 18-6-63
3	Sh. Dhannaram s/o Prema Ram r/o Vill. Banwala, Teh. Distt. Sriganganagar.	Sq. No. 45 (24-10) Killa No. 62 (8-10) cash total 33-00 Killa vill. Banwala (Chak No. 11 BMW) Teh. & Distt. Ganganganagar.	By Cash Rs. 1222	Rs. 8081-85	Rs. 5800 by Sh. Topandass (deceased)	No. 464, dt. 10-7-63 Rs. 8081-85P.	No. 4803 dt. 3-1-64
4	Sh. Memraj s/o Rurharatam r/o Vill. Banwala, Teh. & Distt. Sriganganagar.	Sq. No. 13-43 (11-14) 124 13-46 (24-10) 125	By cash Rs. 1342-00	Rs. 8852-69	Rs. 6500-00 by Sh. Topandass (deceased)	No. 463 dt. 10-7-63 Rs. 8852-69.	No. 4804 dt. 3-1-64
		Vill. Banwala Teh. & Distt. Ganganganagar.					

5 Sh. Hiraram s/o Vituram, 24 Bighas to Biswas equal to Allottee was a claimant and after adjustment of his claim the balance payable was 871.95

Rs. 871.95

No middle man involved. Sh. B. L. Babbbar, L.D.C. obtained Rs. 871.95 in cash from the allottee telling him that he would deposit it in the treasury on his behalf.

No. 26 dt. 28-5-63 Rs. 872.

No. 4375 dt. 28-5-63

Sh. B. L. Babbbar, L.D.C. obtained Rs. 871.95 in cash from the allottee telling him that he would deposit it in the treasury on his behalf.

r/o Vil. Lathanwali Distt. No. 11 M. L. Tehsil Ganganagar.}

APPENDIX X

(Reference para No. 5.39 of the Report)
MINISTRY OF LABOUR, EMPLOYMENT AND
REHABILITATION

(Department of Rehabilitation)

A note stating the reasons why for 18 months in spite of reminders, returns were not sent.

The Pay & Accounts Officer was requested on 4th August, 1966, to let us know the actual months to which these 18 returns pertain. He has now intimated that it was not mentioned by the Chief Pay and Accounts Officer in the Public Accounts Committee's sitting held on 22-7-66, that returns for 18 months were not sent by the Managing Officer, Sri Ganganagar, to his office. According to him, returns for 38 months had not been received by his office. The action taken on the various communications received in the office of the Chief Settlement Commissioner from the Pay & Accounts Officer with regard to the non-receipt of the returns is indicated below in chronological order:—

1. The Pay & Accounts Officer addressed a letter on 24-12-1962, to the Regional Settlement Commissioner, Jaipur, with a copy to the Chief Settlement Commissioner's office, pointing out the non-submission of the statements by the Managing Officer, Sri Ganganagar, for the month of August, 1962, only.
2. The Officer on Special Duty (A) of the Chief Settlement Commissioner's office, addressed the Regional Settlement Commissioner, Jaipur on 10/11-1-63, asking him to expedite action.
3. The Regional Settlement Commissioner, Jaipur, asked the Managing Officer, Sri Ganganagar on 28-1-1963, to send advance intimations immediately to the Pay & Accounts Officer, New Delhi, and to note the requirement for future also.
4. On 4-3-1963, the Asstt. Pay & Accounts Officer, New Delhi, addressed a demi-official letter direct to the Managing Officer, Sri Ganganagar, in which he asked for the statements from 4/1962 onwards and a copy of that d.o. letter was endorsed to the Regional Settlement Commissioner Jaipur as well as to the Chief Settlement Commissioner's office.

5. The Asstt. Pay & Accounts Officer, New Delhi, addressed a d.o. letter on 8-3-63, to the Accounts Officer of the Regional Settlement Commissioner, Jaipur for getting the information expedited by the Managing Officer, Sri Ganganagar and a copy of this letter was also endorsed to the Managing Officer, Sri Ganganagar and the Chief Settlement Commissioner's office.

6. The Officer on Special Duty (A) of the office of the Chief Settlement Commissioner requested the Regional Settlement Commissioner Jaipur, on 25-3-1963, to issue strict instructions to the Managing Officer, Sri Ganganagar to ensure that the requisite statements were furnished to the Pay & Accounts Office without fail on due dates.

7. On 28-3-1963, the Pay & Accounts Officer, New Delhi, addressed a d.o. letter to the Managing Officer, Sri Ganganagar, with a copy to the office of the Chief Settlement Commissioner in which the Pay & Accounts Officer suggested to the Managing Officer that current statements should be prepared in collaboration with the Treasury Officers concerned and submitted to the Pay & Accounts Office, New Delhi, regularly alongwith one or two statements of previous months which had fallen into arrears.

8. Settlement Commissioner of the office of the Chief Settlement Commissioner addressed a d.o. letter on 6.4.1963, to the Regional Settlement Commissioner, Jaipur, in which he was asked to look into the matter personally and issue necessary instructions to the Managing Officer, Sri Ganganagar, for strict compliance of the instructions on the subject.

9. On 18-4-1963, the Asstt. Pay & Accounts Officer, New Delhi, addressed a d.o. letter to the Accounts Officer of the office of the Regional Settlement Commissioner, Jaipur, with a copy to the Managing Officer, Sri Ganganagar and Officer on Special Duty(A) of the Chief Settlement Commissioner's office for submission of the statements.

10. The then Regional Settlement Commissioner, Jaipur informed the office of the Chief Settlement Commissioner on 24-4-1963, that he had asked the Managing Officer, Sri Ganganagar to do the needful and a copy of his d.o. letter dt. 23-4-1963 addressed to the Managing Officer, Sri Ganganagar was also enclosed with the d.o. letter addressed to the Settlement Commissioner(C) of the Chief Settlement Commissioner's office. In his d.o. letter to the Managing Officer, Sri Ganganagar, the Regional Settlement Commissioner

impressed upon the former that the non-submission of the returns was against the instructions of the Ministry and leads to unnecessary confusion in the maintenance of accounts. The Managing Officer was directed to submit the returns within 15 days of the receipt of the d.o. letter of the Regional Settlement Commissioner, Jaipur, dated 24-4-1963, and also to furnish his explanation for the non-compliance on his part of the orders and instructions on the subject.

11. The Managing Officer, Sri Ganganagar, informed the Pay & Accounts Officer, demi-officially on 3-5-1963, that the statement in respect of January, 1963, had been reconciled and the Certificate of the Treasury Receipts obtained from the Treasury Officer. He also intimated that the amount for the year 1962 had been fully reconciled and the statement would be submitted to the office of the Pay and Accounts Office, New Delhi, as soon as Certificate of the Treasury Receipts were verified by the Treasury Officer and that in future the statement would be submitted regularly along-with the statements of the previous months.

12. On 24-5-1963, the Chief Settlement Commissioner informed the Regional Settlement Commissioner, Jaipur, demi-officially that non-submission of the statements was a serious lapse on the Managing Officer's part and he should be told accordingly. The Regional Settlement Commissioner, Jaipur, was also directed by the Chief Settlement Commissioner to obtain the explanation of the Managing Officer, Sri Ganganagar and to put up the same to the latter with his comments.

13. The Regional Settlement Commissioner, Jaipur, informed the Chief Settlement Commissioner on 4-6-1963 that he had asked the Managing Officer, Sri Ganganagar to let him know the present position and also to send his explanation.

14. The Officer on Special Duty (A) of the Chief Settlement Commissioner's office asked the Regional Settlement Commissioner, Jaipur demi-officially on 23-10-1963, to expedite submission of the explanation of the Managing Officer, Sri Ganganagar as desired by the Chief Settlement Commissioner.

15. The Regional Settlement Commissioner, Jaipur, in his d.o. letter dated 9/10-12-1963, sent the explanation of the Managing Officer, Sri Ganganagar and recommended that in view of the circumstances explained by the Managing Officer, no further action in the case appeared to be necessary and as such the matter might

be dropped. The Managing Officer, Sri Ganganagar, in his explanation dated 26-11-1963, had stated that in the month of January, 1963, a sum of Rs. 5.00 lakhs was recovered, as a result of which the staff deputed for reconciliation was busy in recovery. However, the members of the staff had been warned by him to be more careful in future and that the statements were now being sent to the Pay & Accounts Office, New Delhi, regularly.

16. On receipt of the explanation of the Managing Officer, Sri Ganganagar, the Officer on Special Duty(A) of the office of the Chief Settlement Commissioner considered the explanation satisfactory and recorded the following remarks on 17-12-1963:—

“Chief Settlement Commissioner has already seen this case on page 28/N. Now there is no need to bother him about this matter when the Managing Officer is submitting the statement to Pay & Accounts Office.”

17. As stated in Para 9 above, the last communication addressed to the office of the Chief Settlement Commissioner was a copy of the d.o. letter of the Asstt. Pay & Accounts Officer, New Delhi, dated 18-4-1963, addressed to the Accounts Officer of the Regional Settlement Commissioner, Jaipur, with a copy to the Managing Officer, Sri Ganganagar. After that the Pay & Accounts Officer sent a communication on 16-4-1966 i.e. after a lapse of 3 years complaining about the non-submission of statements for the period from 12/58 to 6/62 and 2/63, in respect of the Managing Officer, Sri Ganganagar. This letter was also dealt with promptly by the office of the Chief Settlement Commissioner, asking the Regional Settlement Commissioner, Jaipur *vide* their letter dated 23-4-1966, to get the statements expedited. A copy of this communication was duly endorsed to the Pay & Accounts Office.

18. It will thus be observed that all the reminders received from the Pay & Accounts Office on the subject were properly dealt with in the office of the Chief Settlement Commissioner. As a matter of fact, the original complaint regarding non-submission of statements from April, 1962 onwards was received from the Pay & Accounts Office in 3/1963, *vide* para 4 above. It is quite apparent from the data now supplied by the Pay and Accounts Officer that he has already received the statements from April, 1962 onwards except for the month of 2/63.

19. The Pay & Accounts Officer has now stated *vide* his U.O. No. Cent (R)/2(21)/KW/2199, dated 1-8-1966, that it was not

correct to close the case without verifying the facts about the submission of the statements from the Pay & Accounts Officer. Our record, however, shows that after Pay & Accounts Officer's letter bearing No. RVI/Raj/Receipt/58-59-59A, dated the 18th April, 1963, addressed to the Accounts Officer of the Regional Settlement Commissioner, Jaipur, a copy of which was endorsed to Chief Settlement Commissioner's office, no complaint on the subject was received by us upto 18-4-1966, although we had been pursuing the matter with the Regional Settlement Commissioner, Jaipur, to obtain the explanation of the Managing Officer, Shri Ganganagar for non-submission of the statements to the Pay and Accounts Officer, upto December, 1963. The Pay & Accounts Office, have admitted in their note, referred to above, that they had been receiving regularly the statements from the year 1964 onwards. In case the Pay and Accounts Officer had pursued the question of non-submission of the statements in respect of the periods from 12/1958 to 10/1961, 12/1961, 1/1962 and 2/1963, and had brought the fact to our notice at any time between 12/1963 to 18-4-66, we would have taken up the matter with the Regional Settlement Commissioner, Jaipur, and the Managing Officer, Sri Ganganagar. In fact, the records show that in so far as the office of the Chief Settlement Commissioner is concerned, the matter was taken up at the level of the Chief Settlement Commissioner and explanation of the Managing Officer, Sri Ganganagar, was obtained as per details given above and the wanting statements brought to our notice had actually been sent to them.

20. It was stated by the Chief Pay & Accounts Officer at the Public Accounts Committee's sitting held on 22-7-66, that in spite of reminders, returns for 18 months were not sent by the Managing Officer, Sri Ganganagar, to his office. In the Pay & Accounts Officer's U.O. No. Cent (R)/2(21)/KW/2199, dated 1-8-1966, and Pay & Accounts Officer's d.o. letter dated 5-8-1966, however, it has now been stated that advance intimations of deposits relating to the months of 12/1958 to 10/1961, 12/1961, 1/1962 and 2/1963, i.e. a total of 38 months have not been sent by the Managing Officer, Sri Ganganagar. On receipt of this complaint we have asked the Regional Settlement Commissioner, Jaipur, to reconcile the position and expedite submission of the remaining returns.

Sd/- V. NANJAPPA,
Secretary to the Govt. of India.

Dated: 18-8-1966.

APPENDIX XI

[Reference Para No. 5.126 and 5.127 of the Report]

The exact date on which the Chief Engineer, Dandakaranya Development Authority, visited Calcutta to see the firm in connection with purchase of tractors?

Chief Engineer, Dandakaranya Development Authority, visited Calcutta on 21st and 22nd January, 1960. The purpose as recorded on the T.A. Bill was "meeting with Minister (Rehabilitation) and M.O.R. officials". Chief Engineer was in Calcutta on casual leave from 23rd to 28th January, 1960 and on 29th January, 1960, he left Calcutta for Jagdalpur.

The Chief Engineer did not visit Calcutta in February 1960 for the inspection of trailers as erroneously mentioned in an earlier communication to Audit. However, his Personal Assistant, Shri S. K. Basu Ray, Technical Officer, was deputed by him to contact M/s....to verify the immediate availability of tractors. Shri Basu Ray was in Calcutta from 18th February, 1960 to 24th January, 1960. The purpose of his visit as recorded on the T.A. Bill is "to contact M/s..... for purchase of tractors/trailers etc."

[Vide Ministry of Labour, Employment and Rehabilitation (Department of Rehabilitation) letter No. 3(50)/63-DNK, dated 22nd August, 1966].

APPENDIX XII

[Reference Para No. 6.13 of the Report]

MINISTRY OF MINES & METALS

Para 71—Subsidy on movement of coal by Rail-cum-Sea Route.

A comprehensive note may be furnished giving the following details:—

- (a) The movement of coal yearwise beginning from 1961 onwards by Rail-cum-Sea Route;
- (b) Justification for levying the cess to subsidise the movement of coal by Rail-cum-Sea Route;
- (c) The extent to which the people for whose benefit the cess was levied were benefitted and how long this levy was to be continued;
- (d) The percentage of rise in the coastal traffic during the period the above Scheme was in existence.

Background of the Scheme

Upto 1961 the movement of coal by means of rail-cum-sea route from Calcutta port to Southern India was of the order of 1 M. tons per annum. It mainly catered to the requirements of Southern railway. *The movement of Coal to Western India was being effected entirely by all rail route via Mughal Sarai. However, in 1961, this movement was greatly handicapped due to the bottleneck in the transport of coal by rail in the above Mughalsarai direction. In addition to this transport bottlenecks were also felt in the directions South of Waltair.* The Scheme for movement of additional coal by sea route was then thought of as an alternative to relieve the strain on the railways and ensure regulated supplies.

It was considered that additional movement of coal by sea will not only release some rail transport capacity in the above Mughal-sarai direction which could be utilised for moving coal to Delhi, U.P. and Punjab but will also prevent the long haul by rail of coal from the Bengal/Bihar coalfields to distant areas like Gujarat. In view, however of the limitation of port capacity and the capacity

of ships likely to be available as also the capacity of receiving ports, a decision was taken to increase the quantum of coal moved by sea by another 1 million tons thereby bringing the total quantity proposed to be moved by sea to 2 million tons. This scheme was put into force w.e. from the 1st May, 1961.

Levy of Excise Duty-Justification Therefor

The transport of coal by rail-cum-sea route is more expensive largely on account of higher coastal shipping freight rates. It was, therefore, felt that the coal transported by the sea route should be made available to the consumers at almost the same price as corresponding grades of coal transported by all rail route. This was sought to be achieved partly by reducing the rail freight rates for the movement from Bengal/Bihar coalfields to Calcutta port, partly by a small increase in the general rail freight rates for coal and partly by means of a subsidy which was to be covered by levy of a further cess on coal. Accordingly, the excise duty levied under the Coal Mines (Conservation & Safety) Act, 1952, was increased by 80 paise per ton in the case of coal and Rs. 1.20 paise per ton in the case of hard coke. The estimated revenue from the additional duty of 80 paise per ton was expected to be about Rs. 4 crores which represented approximately the amount that was needed for subsidising movement of 2 million tons coal by sea.

Actual movement of coal under the scheme

After the introduction of the scheme, the actual despatches of coal by rail-cum-sea route have been as follows as against the target of 2.03 million tonnes:—

(Figures in million tonnes)

Year	Railways	Industrial consumers	Total	Percentage increase with year 1960 (1.07 tonnes as base)
1961-62	1.02	0.38	1.40	30
1962-63	1.37	0.56	1.93	80
1963-64	1.32	0.44	1.76	64
1964-65	1.15	0.34	1.59	39
1965-66	0.79	0.32	1.11	3

Beneficiaries of the Scheme

As stated earlier, the scheme was not conceived to afford benefits to any particular class of people. The imminent need for introducing the scheme was to relieve the pressure on the Railways and enable movement of adequate quantities of coal to consumers in South-2000 (Aii) LS—10.

ern and Western India. To this extent, the scheme served its purpose. Besides the Shipping Industry which got increased coastal traffic, other industrial consumers like cement factories, power stations, chemical works etc. receive their requirements on an assured basis. The following statement gives the amount of subsidy received by the Railways and other industrial consumers from 1961-62 to 1965-66 against the expenditure of Rs. 4 crores per annum originally estimated at the time of introducing the Scheme, involving a movement of 2.03 million tonnes:—

Year	Railways	Industrial consumers	Total
	(Rupees in lakhs)		
1961-62	213·16		213·16
1962-63	316·74	39·68	356·42
1963-64	299·09	173·06	472·15
1964-65	282·49	92·87	375·36
1965-66	212·71	57·18	269·89

Justification for continuance of the scheme

It was never stipulated to introduce this scheme as either a measure of experiment or a short-term solution. The scheme for the grant of subsidy on movement of coal moved by rail-cum-sea route was introduced mainly on account of the transport difficulties. The position has not substantially improved. Movement to Southern India takes place through congested routes *via* Waltair and Bezawada. A substantial portion of the traffic is further routed through metre gauge destinations of the Southern Railway involving transshipment and thus movement gets restricted due to limited transshipment capacity. Similarly, coal required for Western India is for metre-gauge destinations, movement of which takes place *via* Viramgam, which also has a restricted capacity. Even with the existing quantities of coal moved by rail-cum-sea route, the available capacity *via* the routes and transshipment points through which coal, at present moving by rail-cum-sea route, would have to pass, if diverted, remains fully occupied and occasional restrictions are imposed on movements *via* these routes. It will, therefore, not be easy to divert the existing traffic moved by rail-cum-sea route to the all rail route. Moreover, whenever the transport capacity of the Railways had to be utilized for urgent movement of more essential goods like food, defence equipment etc., this alternative source of movement of coal proved useful. It is, therefore, essential that this alternative source should not be allowed to dry up. Since this mode of transport is costlier than all rail route transport, the movement

of coal has to be subsidized to compensate the consumers for the loss they sustain in the transport of coal through rail-cum-sea route. In case the subsidy is withdrawn, the industry will not be in a position to bear higher fuel cost and the only alternative to such industrial consumers in the South and West would be either to switch over to fuel oil or to securing of a higher price for the products like cement etc. which in the present context of holding the price line of essential commodities, will not be in the national interest.

It is proposed all the same to undertake a review of the entire position in this regard shortly from all angles with a view to take a firm view on its continuance, modification or discontinuance, as the case may be, based on a full examination of the facts of the case in consultation with the Ministry of Finance, Railways and Transport etc.

Sd./- N. D. GUPTA,

Joint Secretary to the Govt. of India.

[Vide Ministry O.M. No. C5-2(10)/66, dated 15th October, 1966.]

APPENDIX XIII

(Ref. Para No. 6.22 of the Report)

MINISTRY OF MINES & METALS

A statement may be furnished giving the total expenditure incurred on the two ropeways which have not yet been completed. The statement may also include the following details:—

- (i) How much behind schedule the Scheme is?
- (ii) What is the likely escalation on that incomplete work?
- (iii) Whether and how the scheme will be affected by devaluation?
- (iv) Whether the equipment is in good condition or it is still to be received?
- (v) Whether the equipment received is against payment already made or it is against credit?

The total expenditure upto 30-6-1966 for the two Ropeways now under installation is indicated below:—

Jambad-Kajora Ropeways	Rs. 473 lakhs	(including Rs. 200 lakhs in foreign exchange).
Area 'F' Ropeway	Rs. 594 lakhs	(including Rs. 288 lakhs in foreign exchange).

(i) The 'Jambad-Kajora' and Area 'F' Ropeways were scheduled to be completed by January 1966 and October 1966 respectively but the expected completion dates are now January 1967 and December 1967 respectively. The actual progress in installation of these Ropeways as on the 30th June, 1966 under different main items are indicated below:—

Items of work	'J-K' Ropeways	Area 'F' Ropeways
(a) Design	99.5%	100%
(b) Camp	100%	100%
(c) Civil Engineering	63.5%	83.5%
(d) Erection	34%	17%
(e) Supply of equipment.	82%	86.5%
(f) Test and Trial runs	Nil	Nil

(ii) The likely escalation on the two Ropeways are estimated to be as follows:—

'J-K' Ropeways	'F' Ropeways
Rs. 25.97 lakhs	Rs. 52 lakhs

The above amounts represent balance payments due on account of escalation limited to 5 per cent of cost of imported equipment etc. plus escalation for indigenous items. In respect of escalation for indigenous items, the escalation has been calculated on the basis of increase in prices so far.

(iii) Extra liability due to devaluation for payment of imported materials is likely to be of the following order:—

'J-K' Ropeways	'F' Ropeways
<hr/> Rs. 65.03 lakhs	<hr/> Rs. 35.00 lakhs

The above represents payment for materials yet to be shipped plus stage payments for materials already shipped.

(iv) Almost the entire portion of the equipment has since been supplied in both the contracts. In case of 'F' ropeway, however, haulage ropes, which were originally proposed to be imported from U.S.A. but are now being procured indigenously, are still to be supplied. The equipment is inspected by the Board's Engineers and no defect has so far been reported. The foreign equipment of the J-K Ropeways also being inspected by the I.S.D., London before despatch. Moreover, as per terms of the agreement in both the works, the contractors shall, within the guarantee period (24 calendar months commencing from the date of taking over of the installation or 4800 hours of working of the installation by the Purchaser i.e. Board, whichever is earlier) be liable to replace any defective parts that may fail or show signs of failure impairing their serviceability under proper use arising from faulty design, materials, workmanship, erection or from any act or omission on their part.

(v) Payments for equipments are being made to the contractors as per the terms of the agreement which are as follows:—

Cost of the imported equipments, designs and ancillary fees of the contractors for the ropeway for area 'J-K' and 'F' are met from the credit of £13 million as per the "U.K.-India (Five Year Plan) Credit Agreement, 1962" and "A.I.D. Loan agreement for \$ 7.7 million of 1963" respectively.

Payments for different stages as per terms of agreement entered into by the Board with the contractors are made by the Chief Accounts Officer, High Commission of India, London and Chief Accounts Officer, India Supply Mission, Washington in respect of the ropeway for area 'J-K' and area 'F' respectively.

On receipt of intimation from the Chief Accounts Officer, High Commission of India, London, rupee equivalent of disbursements are deposited with the Reserve Bank of India, Calcutta and on receipt of intimation from the Chief Accounts Officer, India Supply Mission, Washington, rupee equivalent of disbursements are remitted to the Accountant General, Central Revenues, New Delhi.

Sd/ N. D. GUPTA,

Joint Secretary to the Govt. of India

[Vide Ministry O.M. No. C5-2(10)/66, dated 15th October, 1966.]

APPENDIX XIV

(Ref. Para No. 6.46 of the Report)

MINISTRY OF MINES & METALS

Para 3. A detailed note may be furnished indicating what different factors were taken into consideration in fixing the rate of assistance to be given to different collieries.

I. Details of the scheme

In pursuance of the recommendations of the Coal Prices Revision Committee, 1957 the Central Government sanctioned in 1960, the scheme for the grant of special assistance to coal mines handicapped by the following adverse factors:—

- (a) Gassiness.
- (b) Depth of shaft.
- (c) Inclination of seams.
- (d) Pumping cost.
- (e) Thinness of seams.
- (f) High transportation cost from pit-head to rail-head.

2. The scheme came into force from 1-9-1960 and is not applicable to collieries in Assam and Andhra Pradesh. In respect of collieries in other areas, assistance is admissible only to those collieries which produce coking coals of grade A to H and non-coking coals of Selected grades and grade I except in the case of high transportation cost from pit-head to rail head in respect of which assistance is admissible irrespective of the grade of coal. Assistance for the adverse factors "thinness of seams" in mines situated in Madhya Pradesh has been extended to grade II from 1-7-1962 and grade III from 1-10-1962.

3. The grant of assistance to collieries handicapped by one or more adverse factors is governed by the general condition that the continuance of production from the colliery is necessary in the national interest (this is to be ascertained with reference to the quality of coal produced, the level of production and workable reserve of coal in the mine) and that the existence of one or more adverse factors has the effect of raising the cost of production.

4. Other broad conditions regarding eligibility/admissibility of the assistance are as follows:—

(i) In the case of a coal mine working more than one seam or section of a seam, eligibility for subsidy is determined in respect of each seam or section of a seam. Similarly, which qualifies for subsidy in respect of adverse factors, where two or more adverse factors co-exist, subsidy is payable in respect of each such adverse factor.

(ii) For the adverse factor "high transportation cost" assistance is payable only where coal is despatched by Rail and the distance between the pit-head and the nearest available loading point is more than 3 miles. For this purpose, the quantity of coal despatched by rail is taken into account while in all other cases payment of assistance is made on the quantity of coal raised excluding the colliery consumption.

(iii) A seam declared as gassy, either actively or potentially, is paid assistance only if the coal company complies with the Coal Mines Regulation in regard to gassiness—no assistance being admissible to a seam which is declared as technically gassy only.

(iv) Where a seam more than 1.5 meters thick is reduced by prevailing mining conditions to a working thickness less than 1.5 meters such a seam qualifies for assistance under the adverse factor "thinness of seams".

(v) The coal handled through "inclined shaft or drift" (as opposed to vertical shaft) is not eligible for assistance on account of "depth of shaft". The depth of a coal winning shaft used for raising coal of a seam is the criterion in granting assistance for deep shaft working.

(vi) Sudden and local changes in the gradient of a seam will be considered as geological disturbances and does not qualify for assistance.

(vii) Assistance is admissible for the quantity of coal raised, before initial grading of a seam, provided, the seam is placed in a grade which subsequently qualifies for assistance. The stock of such coal on the date of initial grading is required to be indicated in the application. If an application is subsequently made for special assistance in respect of such coal, the applicant should intimate to the Board every month the quantity of upgraded coal raised from the seam.

5. The rates of assistance for the various adverse factors are as prescribed by the Central Government from time to time (*vide* Annexure).

Sd/ N. D. GUPTA,

Joint Secretary to the Govt. of India

[*Vide* Ministry O.M. No. C5-2(10)/66, dated 15th October, 1966.]

ANNEXURE

Rates of assistance to collieries specially handicapped by adverse factors for underground workings

Prior to 1-10-62

From 1-10-62

Coking & Blend-able coal Non-coking Coking & Non-Coking

	1	2	3
	Rs. (Per ton)	Rs. (Per ton)	Rs. (Per ton)
(a) <i>Gassy Mines</i> : (Subject to it being established that additional expenditure had to be incurred by collieries under this head)	0.80	0.60	1.00
(b) <i>Depth of shaft</i> : No assistance will be admissible in the case of vertical shafts of less than or exactly 500 ft. (152.4 metres) in depth. In respect of vertical shafts which are more than 500 ft. (152.4 metres) in depth, assistance shall be admissible for each 100 ft. (30.5 metres) of depth or part thereof over the first 500 ft. (152.4 metres) at	0.06	0.04	0.06
(c) <i>Inclination of seams</i> : No assistance shall be granted in cases when the true gradient of the seam is less than 1 in 3. For seams with 1 in 3 or steeper true gradients, assistance shall be admissible at	0.24	0.18	0.24
(d) <i>Pumping cost</i> : No assistance shall be granted in cases in which the cost of pumping is less than a rupee per ton/metric ton of coal raised	Re. 0.98 P.		
(i) Where the cost of pumping exceeds Re. 1/- per ton (Re. 0.98 per m. ton) but does not exceed Rs. 2/- per ton of pumping ex-	The rate upto which the cost of pumping ex-	The rate upto which the cost of pumping ex-	The rate upto which the cost of pumping exceeds
			Rs. 2/- per tonne
			which the cost of pumping exceeds

1	2	3
<p>(Re. 1.97 per m. ton) of coal raised, assistance shall be admissible at—</p>	<p>ceeds Re. 1/- per ton subject to a maximum of Re. 0.10.</p>	<p>Re. 1/- per tonne subject to a maximum of Re. 0.18.</p>
<p>(4) Where pumping cost exceeds Rs. 2/- per ton (Re. 1.97 P. per m. ton) of coal raised assistance shall be admissible at—</p>	<p>0.25</p>	<p>0.18 plus the rate upto which the cost of pumping exceeds Rs. 2/- per tonne subject to a maximum of 0.35.</p>
<p>(e) <i>Thickness of seam:</i> No assistance shall be admissible where the thickness of a seam is 5 ft. or more (1.524) metres or more).</p>	<p></p>	<p>(e) <i>Thickness of seam:</i> No assistance shall be admissible where the thickness of a seam is 1.5 metre or more.</p>
<p>(f) In case of seam of thickness exceeding 3 ft. 6 in. but less than 5 ft. (i.e. exceeding 1.067 metres but less than 1.524 metres) assistance will be admissible at—</p>	<p>0.60</p>	<p>(f) In the case of seams of thickness exceeding 1 metre but less than 1.5 metre, assistance will be admissible at—</p>
<p>(g) In case of seams of thickness equal to or less than 3 ft. 6 in. (equal to or less than 1.067 metres) assistance will be admissible at—</p>	<p>1.20</p>	<p>(g) In the case of seams of thickness equal to or less than 1 metre, assistance will be admissible at—</p>
<p>(j) <i>High Transportation cost: from pit head to rail head:</i> Assistance shall be granted only in case where coal is despatched by rail and the distance between the pit-head and the nearest available loading point is more than 3 miles (i.e. 4.83 kilometres). In such cases assistance shall be granted at a rate not exceeding 10 nP. per tonne per mile or part thereof in respect of the distance in excess of the first 3 miles (4.83 kilometres).</p>	<p>1.00</p>	<p>(j) <i>High Transportation cost from pit-head to rail head:</i> Assistance shall be granted only in cases where coal is despatched by rail and the distance between the pit-head and the nearest available loading point is more than 3 miles (i.e. 4.83 kilometres). In such cases assistance shall be granted at a rate not exceeding 15 P. per tonne per mile or part thereof in respect of the distance in excess of the first 3 miles (4.83 kilometres).</p>

Rates of assistance to collieries specially handicapped by adverse factors for open cast mines (quarries)

Prior to 1-10-62

From 1-10-62

	1	2	3
	Coking' & Blend- able coal.	Non-coking	Rates of assistance per tonne of coal
	Rs. (Per tonne)	Rs. (Per tonne)	Rs. (Per tonne)
1. <i>Inclination of seams:</i> No assistance shall be granted in cases where the true gradient of the seam is less than 1 in 3, for seams with 1 in 3 or steeper gradients, assistance shall be admissible at—			
(a) if the depth from the surface does not exceed 100 ft. (30.5 metres)	Nil	Nil	Nil
(b) exceeds 100 ft. (30.5 metres) but does not exceed 200 ft. (61 metres)	0.24	0.18	0.24
(c) exceeds 200 ft. (61 metres) but does not exceed 300 ft. (91.4 metres).	0.36	0.30	0.36
(d) exceeds 300 ft. (91.4 metres)	0.50	0.44	0.50
2. <i>Pumping cost:</i> No assistance shall be granted in cases in which the cost of pumping is Re. 1/- per ton (Rs. 0.98 per tonne) or less of coal raised.			
(i) Where the cost of pumping exceeds Re 1/- per ton (Rs. 0.98 per tonne) but does not exceed Rs. 2/- per ton	The rate upto which the cost of pumping ex-	The rate upto which the cost of pumping ex-	The rate upto which the cost of pumping ex-
	ceeds	ceeds	ceeds
	Rs. 1/- per tonne or less of coal raised.	Rs. 1/- per tonne or less of coal raised.	Rs. 2/- per tonne of coal raised.
			of pumping ex-

1	2	3
(Rs. 1.97 per tonne) of coal raised, assistance shall be admissible at—	ceeds Re. 1/- per ton subject to a maximum of Rs. 0.08	ceeds Re. 1/- per tonne subject to a maximum of Rs. 0.12
(ii) Where pumping cost exceeds Rs. 2/- per ton (Rs. 1.97 per tonne) of coal raised assistance shall be admissible at—	0.20	Rs. 0.12 plus the rate upto which the cost of pumping exceeds Rs. 2/- per tonne subject to a maximum of Rs. 0.30 P.
(i) Where the pumping cost exceeds Rs. 2/- per tonne of coal raised assistance shall be admissible at—	0.15	

3. *High Transportation Cost*: Same as rates for underground mines.

3. Same as rates for underground mines.

*Rates of assistance to collieries handicapped by the adverse factor
'Thickness of seam' in Madhya Pradesh.*

	Prior to 1st July' 62	With effect from 1st July'62 for grade II and 1st October' 62 for grade III coal also.
	Rs. P.	Rs. P.
(I) In the case of seams of thickness exceeding 1 metres assistance will be admissible at.	0.40	0.40
(II) In the case of seams of thickness equal to or less than 1 metre, assistance will be admissible at.	0.80	0.80

APPENDIX XV

Summary of main Conclusions/Recommendations

No.	Para No.	Ministry/Deptt. concerned	Conclusions/Recommendations
I	2	3	4

I I II Health
The Committee note that no formal agreement had been entered into with the foreign Government for the supply of smallpox vaccine. However, the supplies were arranged on the basis of negotiations initiated by the representative of the foreign Government on 24th October, 1960, which had continued till an acceptance of the offer was communicated on 16th June, 1961 to the Embassy of the Foreign Government in New Delhi.

The Committee feel that it is unfortunate:

- I 12 -do- (i) that even during the protracted negotiations no firm schedule of arrivals of the vaccine could be taken up. The requirement about accommodation had to be assumed

and acquired. The result of this was that the accommodation hired was much in excess of actual needs.

(ii) Even after the Ministry had known that the accommodation rented by them was in excess of their requirements, no effort was made to surrender the surplus accommodation.

(iii) Measurements of the room acquired were not taken properly before hiring it, and even when correct measurements had been obtained no attempt was made to take up the matter with the firm to reduce the rent proportionately. The Committee therefore feel that there is scope, for an enquiry as to why the governments' sanction was obtained on wrong premises and desire that responsibility should be fixed for this lapse.

53

1.13

-do-

The Committee hope that the Government would look into the lapses in the above transaction and take suitable remedial measures to avoid recurrences in future.

2

1.23

-do-

The Committee, no doubt, regard the withdrawals from the Employees' Provident Fund and that too without the knowledge and approval of the Board of Administration, highly objectionable. But they cannot ignore the fact that the Institution had been compelled to adopt the above course due to the non-payment of grants-in-aid by

Government in time. They hope that, as promised during evidence, the Ministry would evolve a suitable system under which grant-in-aid payments to the Institutions, like Lady Hardinge Medical College and Hospital, are made in time to avoid such situations in future.

3 I.31

Health

The Committee hope that the application of instructions issued by the Ministry of Health in response to the recommendation of the Committee made in their 42nd Report (Third Lok Sabha), would improve the position and minimise local purchases of medical stores in future.

4

I.35

-do-

The Committee regret to note that the out-dated medicines had been issued for clinical purposes without a prior check about their potency and harmlessness. They feel that such a practice is fraught with grave risks. They suggest that instructions should be issued to all concerned so that no time-expired medicines are issued unless they have been re-tested and certified 'good' by Government laboratory. The Committee would also like to draw attention in this connection to their observations contained in para 2.13 of 42nd Report—1965-66.

5 1.41 -do- The Committee feel that the number of persons employed in the hostel of the Lady Hardinge Medical College and Hospital, as compared to other institutions in Delhi, is on a high side. They would like the Government to have the matter examined properly, to see whether any economy is possible so that the financial burden both on the students and the Government is minimised.

1.42 -do- The Committee would also like to suggest that if Government decides as a matter of policy to pay some subsidy to the Hostels attached to Medical Colleges or Institutes to meet their deficits, a uniform pattern of assistance might be laid down for the purpose.

6 1.47 -do- The Committee would like the Ministry to take suitable steps to ensure that costly machinery does not remain un-utilised for long periods, due to lack of co-ordination and procedural delays, as happened in these cases.

7 1.52 -do- The Committee desire that proper care should be taken before hand and no Government accommodation be allowed to fall in unauthorised hands. Unauthorised occupation not only involves loss to the exchequer but also leads to entering into unnecessary litigation and further it deprives the staff of the accommodation to which they are entitled to.

1-53

Health

It also appears somewhat inequitable that class IV employees are required to pay water charges under the old bye-laws, whereas the higher categories are not so required. The Committee would like the Ministry to take suitable steps to remove this anomaly.

8

1-64

-do-

The Committee note that during the four year's period (1961-62 to 1964-65), the Council had sanctioned 810 schemes/projects for research. Out of these 707 schemes matured and the rest i.e. 103 (12 per cent) had to be dropped or discontinued. 83 schemes, out of 103, were abandoned on the recommendation of the Expert Group, whereas 20 were dropped by the research workers themselves. On 707 schemes, which were pursued till finalisation during the period, an expenditure of Rs. 1,24,20,631.63 was incurred whereas on 103 schemes, which were dropped. Rs. 19,43,571 had been spent. Thus out of the total expenditure of Rs. 1,43,64,202.63 nearly Rs. 19½ lakhs (i.e. about 13.5 per cent) have yielded no final results.

1-65

-do-

The Committee feel that the percentage of schemes/projects dropped and the expenditure incurred on them is very much on the high side. Whereas they appreciate that 83 out of 103 schemes enquiries were dropped on the advice of Expert Group and only 20 were dropped by officers in charge they desire that Government should look into the matter and to see that the schemes are initiated after thorough scrutiny so that the number of schemes which are to be dropped could be minimised. They would also like that the reasons for the termination of research schemes/enquiries be properly and regularly recorded in all cases in future.

1.66 -do- The Committee also desire that the question of refund of the unutilised grant should be settled by Government with the Council early.

9 1.70 -do- The Committee regret to note that the equipment costing about Rs. 26,000 had been allowed to lie without use for a period of six years and that the question of repairing it, was taken up in a most leisurely manner. They hope that the Institute would now take immediate steps to ensure utilisation of the equipment.

10 2.7 Home Affairs From the information furnished by the Ministry, the Committee observe that during the period the officer was without a post, eight officers were appointed to the posts of Secretary or equivalent posts. Out of those eight officers, one was posted as Special Secretary to the Ministry of Finance, Company Law Division, whereas the officer concerned had already held the post of Secretary of the Department of Company Law Administration before the Department was tagged on to another.

2.8 -do- Home Secretary stated in evidence at the very outset that "I would say straightaway that it was an unfortunate case and I cannot say that it is possible to justify what actually happened." The Committee consider it unfortunate that such a senior officer as a Secretary of a Department of Government of India was kept without a posting for a long time without any justification and was placed in circumstances which compelled him to seek pre-mature retirement. The Committee need hardly emphasize that apart from

involving Government in an infructuous expenditure of Rs. 22,000 such a case is likely to have a demoralising effect on the Administration which could easily have been avoided.

11 2.13

Home Affairs

The Committee note that during the three years i.e. 1962-63 to 1964-65; the amount of compensation was enhanced in appeal in respect of 64.7 per cent to 73.4 per cent of cases decided by Courts. The Committee feel that this percentage is very high and is indicative of some lacuna in the procedure of fixing compensation. They would, therefore, like that the present system of fixing the rate of compensation should be gone into and necessary measures taken to improve the position.

12 2.20

-do-

The Committee feel concerned to note that due to delay, which was avoidable, a payment of more than Rs. 2.42 lakhs was made by way of interest in 262 cases. The Committee regret to point out that there was failure on the Administration in this case. The delay in payment of enhanced compensation not only inconvenienced the recipients of compensation, but also put the exchequer to a great loss. The Committee recommend that some positive steps should be taken to eliminate such delays in future. The Committee also regret to note that the details of case-wise litigation expenditure are not available with the Land Acquisition collectorate.

-do-

The Committee regret to note that proper records of the unpaid balances of awards and unpaid cheques had not been maintained in the Land Acquisition Collectorate, Delhi. The accumulated unpaid balances pertained to the period as far back as 1937. This clearly depicts a very unsatisfactory state of accounts in the Land Acquisition Collectorate and the Committee take a serious view of it. The Committee are not able to understand why the full details relating to awards were not kept with the Collectorate and why the unpaid balances were not deposited into the treasury as revenue deposits as required under the rules. The Committee are left with the impression that the maintenance of proper records of these unpaid balances received no attention in the past and this failure requires looking into. Now that the Delhi Administration has appointed an officer on special duty to look into the state of accounts, the Committee hope that suitable measures will be taken to clear the old balances and also to ensure that such unpaid balances do not accumulate in future. They also hope that unpaid balances would now be deposited in the treasury as revenue deposit as required under the rules.

-do-

The Committee regret to note that a sum of Rs. 1.28 lakhs was fraudulently withdrawn from the Bank in December, 1964 by certain employees of the Collectorate in this case. Since the case is sub-judice the Committee would not like to make any comment at this stage.

-do-

The Committee are however, left with an unfortunate impression that the unsatisfactory state of accounts in Delhi Administration had

already assumed serious proportions and requires immediate drastic remedial measures. In another case, in the Department of Animal Husbandry [para 47 of Audit Report (Civil), 1966 Paras 2.15 to 2.19 of their 59th Report 1966-67] mis-appropriation of Government money aggregating Rs. 86,599 during the period June, 1962 to September, 1964 took place. That embezzlement was also facilitated primarily due to the non-observance of the various checks prescribed in the Central Treasury Rules. The Committee take a very serious view of the non-observance of the prescribed financial rules by the Drawing and Disbursing Officers of the Delhi Administration, as it is this failure on their part that often leads to embezzlement of Government money.

2.34

Home Affairs

The Committee desire that such failures on the part of the Drawing and Disbursing Officers to observe the prescribed financial rules should be viewed very seriously by Delhi Administration and suitable disciplinary action taken in case where they fail to do the same.

2.35

-do-

The Committee also desire that the Delhi Administration should issue suitable instructions to all the Drawing and Disbursing Officers impressing upon them the necessity of strictly observing the financial rules prescribed for them and also making it clear to them that any failure on their part to observe the prescribed rules would be taken a serious note of.

great lag of time between the commission of default and the investigation is bound to hamper seriously the probe and the subsequent follow up action. The Committee hope that the S.P.E. will be able to finalise its findings without loss of further time.

19 2.68

Home Affairs

The Committee are surprised to observe that the Political Sufferers Relief Committee had been composed mainly of members belonging to one political party only. They feel that it would be in the fitness of things if the character of the Committee is made more broad-based and representative.

20

3.19

Information and
Broadcasting

From the evidence, the Committee finds:

- (i) that for a competitive and exclusive festival to be held for the first time in the country in January, 1965, the rules were finalised as late as in June, 1964 and these were circulated to foreign countries only in August, 1964 i.e. after a lapse of two months;
- (ii) that the Ministry in its zeal and fervour to hold the festival on the scheduled dates proceeded to book hotel accommodation for the prospective invitees in spite of the fact that no recognition had been received from the International Federation of Film Producers' Association which was a prerequisite for the festival by then;

- (iii) that the Ministry asked Ashoka Hotel to reserve accommodation of 250 rooms as early as in June, 1964 whereas the invitations to certain categories of invitees were issued as late as November, 1964, hardly two months before the commencement of the festival. Thus in June, 1964, at the time of making a request for reservation of the accommodation, the Ministry had no definite idea of the number of invitees who would attend the festival. Not only that, the Ministry had no idea as to whom they were going to extend invitation. Under these circumstances, it is not clear as to how the Ministry decided the extent of accommodation to be reserved in the Ashoka Hotel. Ultimately, however, only 180 beds were reserved and they too proved excessive.
- (iv) The Ministry of Finance had cautioned against making huge bookings which unfortunately were not given due attention by the Directorate, who preferred to go ahead with their own plans. If the suggestion of the Ministry of Finance had been accepted, the loss suffered by Government would have been much less.
- (v) The Ministry do not appear to have made any effort to secure cooperation from other premier hotels in the Capital to meet their emergency requirements arising out of the last minute arrivals of the delegates.

Information and
Broadcasting

3.20

The Committee feel that in their desire to play safe, the Festival Directorate over-booked the hotel accommodation in this case. Further they are left with the unfortunate impression that the festival was organised without drawing a detailed and definite plan well in advance.

3.21

-do-

From the very beginning the events had indicated that the festival would not get as many participants as the Festival Directorate were hoping because the response till 30-9-1964 was very poor, as a result of which the dates of entry etc. had to be extended. This itself should have cautioned the Directorate to be realistic in their approach.

3.22

-do-

However, in the beginning of November, 1964, when the acceptance had been received only from 29 countries as against 71 countries to whom the invitations were issued, the Film Directorate should have initiated some action in reducing the accommodation which they reserved for the delegates. The Committee regret to note that no such action was taken till the first week of January, 1965 and even at that stage all surplus beds were not released.

3.23

-do-

The Committee also do not appreciate the action taken by the Festival Directorate in reserving 80 beds for non-guests i.e. persons connected with the Film Industry as they were neither the guests of the Festival Directorate nor they had asked for the reservation of the

accommodation for them. The Ministry, however, as a result of verbal and general discussion with the Film Federation of India reserved hotel accommodation for these persons and thus entailed a lot of expenditure from the Government Exchequer which could have been otherwise avoided.

The Committee feel that if the Ministry had shown equal zeal and enthusiasm which they had shown in reserving the accommodation in coordinating matters even for inviting the foreign delegates, much of the infructuous expenditure could have been avoided. It is surprising that at no time the Ministry had ever tried to review their progress and revise their needs for accommodation.

As a result of all these the Government had to suffer on two counts —for payment of accommodation which was not utilised (about Rs. 52,000 in this case) and being deprived of the foreign exchange which the country could have earned had this accommodation been allotted to some foreign tourists. The Committee hope that the Ministry will draw a lesson from this case and for any such festivals to be organised by them in future, they would exercise utmost care and caution to ensure that the lapses which occurred in the present case are not repeated.

The Committee regret that their earlier recommendation made in para 4.5 of their 42nd Report (Third Lok Sabha) was not taken seriously by the Ministry. They fail to understand as to why legal

3.24

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3.25

-do-

21

3.30

-do-

3 44 -do- It is apparent that from the very beginning it was known to the producer that the film would be more than 900 ft. in length and that it could not be completed within a period of 7 months as stipulated in the contract. Eventually, the film was shot to a length of 1,598 ft. and the expenditure came to Rs. 91,130 against the original estimated cost of Rs. 34,490. The Committee further note that the contract was revised half way through and the rates of payment were revised in favour of the producer as stated earlier.

3 45 -do- The Committee note that the producer did not disclose full facts about the length and the time to be taken in shooting this film. It is also not very clear as to how and why the provision of ex-gratia allowance in the first contract and of bonus allowance in the second contract was provided for. Due to intermittent suspension of work, an avoidable expenditure of Rs. 13915 had to be incurred on pay and allowance of staff etc. The Society had placed, it appears, much reliance on what the producer had stated and never thought it necessary to get it verified by other sources.

3 46 -do- The Committee regret to note that no efforts were made at any stage to hold a thorough enquiry into the matter and fix responsibility on the persons concerned for the various lapses. The Committee are of the view that the Ministry should exercise better control on the working of the Society and ensure that such infructuous expenditure is not incurred in future. It is desirable that before such contracts of technical nature are entered into, all the technical details and requirements are properly worked out in advance in order to ensure

-do-

The Committee note that the Accounts clerk-cum-cashier who was responsible for misappropriation of Government money in this case had been convicted and sentenced to undergo one year rigorous imprisonment. They also note that the services of the Supervisory Officer (non-gazetted) were terminated w.e.f. 13th July, 1965.

-do-

During evidence it was deposed that the Supervisory Officer, whose services were terminated, had put in 7 years of service and that no explanation was called from him or charges framed against him before terminating his services under Rule 5 of the Central Civil Services (temporary services) Rules 65. The Committee feel that in fairness, the Government should have given an opportunity to the Supervisory Officer to explain his conduct before terminating his services. They hope that this aspect will be kept in view by the Ministry while dealing with such cases in future.

-do-

The Committee would also like to know as to whether any responsibility has been fixed for not taking action on the irregularities pointed out by Audit after July, 1961.

-do-

The Committee hope that the instructions now issued regarding maintenance of cash books and remittance of amounts into treasury would be implemented scrupulously and there will be no scope for such lapses in future.

-do-

The Committee note that the Ministry of Law have since advised that if sufficient proof had been made available against the officer, the claim could be pressed against the insurance company even if the

departmental proceedings had not been concluded. The Committee desire that Film Division should press their claim for payment of fidelity guarantee with the Insurance Pool.

The Committee would also like to be informed of the action taken against the persons found responsible for misappropriation as a result of the report of the SPE in this case.

It is also surprising that the Ministry failed to take notice of the irregularities in the maintenance of the cash book as pointed out by Audit during 1959-60. The Committee deprecate such tendency on the part of the Ministry of ignoring such financial irregularities even when pointed out. They would like that responsibility be fixed for the lack of timely action on the irregularities as pointed out by Audit.

The Committee find from evidence that the expectation of the Ministry to have better control over expenditure had been belied by the facts that there were not only over-payments but double payments also. The total amount of over-payments so far made to and accepted by NPCC is to the extent of Rs. 4.32 lakhs. In addition to this, a sum of Rs. 21,36,580 has also been detected by the concurrent audit of the project as over-payments in the irregular claim by NPCC of

Information and Broadcasting

-do-

Irrigation and Power

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depreciation charges for repairs etc. which is however, being disputed by the Corporation.

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The Committee cannot understand how double payments were made in the first instance and why they remained undetected for a long time. They feel that there is an immediate case for a thorough enquiry into this aspect of the case. It is all the more surprising that while over-payments could be adjusted against the bills of NPCC for the following months, the double payments to the tune of Rs. 1,66,696 were also being adjusted in the same way. It is unfortunate that the seriousness of over-payments and the difference between over-payment and double payment was not appreciated. The Committee are of the view that any double payment detected should be realised forthwith instead of being adjusted subsequently. Necessary instructions should also be issued to ensure that such mistakes of double payments do not occur in future.

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4.12

-do-

As regards recovery of over-payments the Committee are of the opinion that although the NPCC is a public undertaking, it is not desirable to allow huge arrears to pile up on its account. The Committee are distressed to learn that the Corporation had failed to pay even the admitted liability of Rs. 1 lakh in time and the schedule of payment had to be revised in its favour. They feel that it would be more appropriate for the Ministry to give financial assistance to this Corporation to enable it to function efficiently rather than violate normal healthy financial principles to give it indirect benefits. The

Committee are also not happy to find that the Ministry took about 2½ years to introduce post-audit in view of the fact that NPCC had not agreed to pre-audit due to administrative difficulties.

27 Irrigation and Power 4.14

The Committee would like to observe in this connection that a system of payment at cost plus basis has a built in tendency to inflate the total cost. As pointed out by Audit, according to an assessment made by the Financial Adviser in January, 1965 while the work was in progress, the estimated rates on "cost plus" basis in a major number of items were more than the rates settled with a private firm. The Farakka Barrage Control Board was, however, of the view that the picture might be "entirely different" after the work had sufficiently progressed. The Committee hope that after the Ministry have been able to finalise the accounts up to June, 1966 they would be in a position to assess as to whether "cost plus" or the 'itemwise' basis for assigning contracts is beneficial. They would like to be informed of the results of such assessment.

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The Committee feel that the provision of 150 per cent for depreciation on equipment is on the high side. They would, therefore, urge the Ministry to examine as to what extent it is really justified. They would also like to be informed of the decision taken in regard to the utilisation of the depreciation amount in respect of which a reference has been made to the Government.

The Committee find that in allotting the contract to NPCC, the Ministry did not invite any tender on the ground of urgency and on the presumption that there would not be many firms to offer tenders because of the intricate nature of the work. In the absence of any tender notice, the Ministry could not have the benefit of having competitive rates and could not know whether the rates quoted by NPCC were reasonable or on the high side. The Committee feel that the assignment of works of the magnitude of about Rs. 14.50 crores without inviting tender and the absence of any effort to find out reasonableness of the rates for the work to be done, are objectionable. The Committee also feel that the procedure of entrusting the work to a public sector undertaking at negotiated rates is likely to create a sense of complacency on the part of the public sector undertaking in managing its affairs in a competitive and economical manner. They would, therefore, urge that it should be ensured that even when the work has to be given to a public sector undertaking, the normal procedure of inviting tenders should invariably be followed.

The Committee find that even though no formal agreement had been signed, the Ministry had advanced a sum of Rs. 50 lakhs to NPCC. The Committee feel that Government should have provided adequate safeguards before making an advance of Rs. 50 lakhs in this case. They suggest that a formal agreement should be signed with NPCC without further delay.

31 Irrigation and Power 4 24 The Committee are of the view that with a little care, the Government could have saved the extra expenditure of Rs. 29,967. Even though the contractor had quoted different terms for tons and cord, the Department accepted the supply of mangroves in cords but agreed to pay the contractor in terms of tons in a ratio of 1 cord equal to 2.5 M tons. Since it was within the knowledge of the Department that the ratio of 1 cord equal to 2.5 M tons was not realistic as the weighing was done in rainy season when the mangroves contained moisture, the proper course for the Department would have been to follow the conversion ratio indicated by the contractor himself in his offer. Failure to do this, resulted in the contractor getting undue benefit of Rs. 29,967 which he was not entitled to. Surprisingly enough, not only the officer concerned in this case had erred but the senior officers too were indifferent and no enquiry was held as to how all this had happened.

-do- The Committee hope that the Department would exercise greater care and caution in future in such matter and in all cases make sure that the interest of Govt. is properly safeguarded. They would further like to know the action taken in this case against the officer/officers responsible for the lapse.

The Committee feel that the entire scheme was rather ill-conceived. In order to make the trainees fit for enrolment in the Defence establishments, the complete details of the training to be imparted to them should have been ascertained from the Ministry of Defence and finalised in advance before the scheme was started in view of the fact that the scheme was started only after the acute phase of emergency was over.

From the note furnished (Appendix VII) it is learnt that only 4,160 persons were absorbed in Defence Services on completion of training out of a total of 10,095 civilians trained. But this does not include information relating to Gujarat, Punjab, U.P. and Delhi. Information regarding the number of persons who still remain to be absorbed is not available. The Committee regret to note that the Ministry did not maintain proper records in order to keep a watch over the progress of the implementation of the scheme. They are of the view that the expenditure on the scheme has largely been infructuous. They would suggest that schemes involving large amounts of expenditure and utilisation of extensive manpower should be formulated after fully ascertaining the actual requirements of the various organisations intending to utilise the services of the trainees.

The Committee are not happy over the accumulation of large surpluses with the Corporation.

Deptt. of Labour
and Employment

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| | 5.24 | Deptt. of
Labour &
Employment | They hope that the Corporation would keep a proper watch over the construction of capital works so that the employees are provided with adequate hospital facilities. |
| 34 | 5.30 | Deptt. of
Rehabilitation | From the note, the Committee find that in respect of 31,758 occupants contacted by the squads of Rehabilitation Ministry and which involved rent-recovery of Rs. 83.55 lakhs, only Rs. 57.87 lakhs was found to be correctly recoverable. This clearly establishes, that there is an urgent necessity to work out the correct amount of arrears in respect of balance of arrears of Rs. 215.18 lakhs also. The Committee desire that this should be done without loss of time so that actual amounts due as rent are worked out and realised. The Committee are also not happy over the progress of realisation of rent and desire that effective steps should be taken to realise the outstanding arrears of rent urgently. |
| 35 | 5.46 | -do- | The Committee find that out of 29 cases of suspected fraud involving an amount of Rs. 1,21,364 handed over to SPE, only in five cases prosecution could be launched while in 12 cases departmental actions have been suggested for want of adequate evidence. In the remaining 12 cases also departmental enquiry was being held. Not only that the administrative machinery in Sriganaganagar was inefficient and their activities were not free from doubts but |

the supervision of this Centre by the Regional Settlement Commissioner was also superficial and ineffective and as a result of all these the delinquent officials at Sriganaganar Centre were enabled to perpetrate this fraud. It is indeed distressing to note that the Regional Settlement Commissioner could come to know about all the cases only through a pseudonymous complaint in November, 1964, stating that Sanads were issued without recovery of full values of agricultural land, and it was only when nearly seven months had elapsed that an enquiry was actually instituted.

-do-

5.47

The Committee are also disappointed to find that even when the delinquent officials had removed records from the files to cover up their own guilt, no investigation appears to have been made to enquire about that and no charges were framed till July, 1966. The very fact that the returns were not being submitted in time by the Sriganaganar office, despite reminders, should have alerted the Regional Office, Jaipur to take immediate action for better supervision but the Committee regret to find that the Regional Office failed to rise to the occasion. The office of the Chief Settlement Commissioner, New Delhi too played a passive role and even though copies of the remainder were forwarded to his office, adequate timely action was not taken to look into the failure of the Managing Officer, Sriganaganar to furnish these returns.

-do-

5.48

Even when the SPE report was available with the Regional Settlement Commissioner for departmental action on 2nd November, 1965, the department initiated the enquiry only in July, 1966

i.e., after about 8 months. In a note furnished to the Committee (Appendix IX), the Ministry have stated that before starting departmental enquiry it was considered necessary to scan all the five thousand and odd cases in which sanads had been issued so that concerted action might be taken simultaneously in respect of all the cases. The Committee have also been informed that departmental proceedings have since been instituted.

**Deprt. of
Rehabilitation**

5.40 From all these, the Committee feel that the Ministry should take immediate steps to effect proper coordination between the Chief Settlement Commissioner's office/Regional Settlement Commissioner's office and the subordinate offices so that similar cases do not recur in future. They would like the Ministry to examine in the light of the experience gained from all these cases to provide suitable checks in the administrative procedure whereby the chances of repetition of similar cases are eliminated altogether. The Committee desire that the Ministry in consultation with Audit should evolve a procedure whereby the furnishing of monthly returns is not allowed to remain outstanding for a long time. They would also like to be informed of the action taken in regard to all cases of fraud detected and the action taken against the delinquent officials.

5.55

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The Committee regret to find that the Consumer Goods Scheme which was intended to be on a "no profit no loss" basis showed a

loss of Rs. 6 lakhs during January, 1959 to March, 1964. They are surprised to find that the transport cost of goods was not being charged from the customers but was being met by Government which amounted to indirect subsidy given to the customers and that this was done without obtaining prior approval of the Government. The Committee hope that Dandakaranya Development Authority would now obtain *ex-post-facto* sanction to regularise the payment of this subsidy.

- 37 5.57 -do- The Committee are of the view that had the authorities taken adequate precautions and run the scheme in a businesslike way, the loss could have been avoided. The Committee desire that efforts should be made to run the scheme on a "no profit no loss" basis.
- 38 5.64 -do- The Committee regret to note that due to fixing the issue rate of the products without taking into account the indirect charges, the Forest Organisation Scheme suffered a loss of Rs. 9.59 lakhs during June, 1959 to March, 1964. They desire that a proper assessment of the working of the scheme should be undertaken and steps taken to avoid such losses in future.
- 38 5.67 -do- The Committee desire that early steps should be taken to reconcile discrepancies and all efforts should be made to realise the dues from the Departments which had been supplied goods.
- 39 5.74 -do- The Committee regret to note that Government had to suffer a loss of Rs. 6.22 lakhs from September, 1959 to March, 1964 on Industrial Schemes which were undertaken by the Dandakaranya Development Project to train the displaced persons.

5.75

Deptt. of
Rehabilitation

With regard to loss in the Oil Extraction Centre, it was stated in evidence that there was considerable time-lag between the time when seeds were purchased in 1961 and the time when oil was extracted between May, 1962 and March, 1964 and thus the seeds got deteriorated. Out of the total loss of Rs. 3.16 lakhs in this case, Rs. 1.67 lakhs could be attributed to the deterioration of seeds and the low production of oil.

5.76

-do-

The Committee feel concerned to note that no care was taken to utilise seeds immediately after purchase and those were allowed to deteriorate resulting in a loss of Rs. 1.67 lakhs. The Committee would like to know the results of the efforts made by the Dandakaranya Development Authority in asking Orissa State Electricity Board for charging for electricity on the basis of actual consumption. Another factor was charges for electricity of about Rs. 0.52 lakhs which had been taken into account whereas the actual consumption of electricity was worth Rs. 3,000 only. There was some contract payment to the Orissa State Electricity Board.

5.79

-do-

The Committee feel concerned to note that the temporary advances paid to departmental officers were not cleared as required within one month of payment and were allowed to accumulate. They regret that due to this failure on the part of authorities, a sum of Rs. 37.63 lakhs which was paid as temporary advances to depart-

mental officers in 406 cases upto March, 1965, remained unadjusted till the end of July, 1965 for want of detailed bills.

-do-

5.80

The Committee would like to know how in the absence of detailed bills, the Administration ensured that the amounts advanced were not misutilised. They desire that all efforts should be made to adjust the outstanding amounts at an early date. It should also be ensured that such accumulation does not take place in future as delay in furnishing the accounts was likely to lead to frauds and embezzlements.

-do-

5.84

The Committee are distressed to find that due to lack of proper planning and coordination Government had to incur an infructuous expenditure of Rs. 1.74 lakhs. They feel that a little more coordination between the Dandakaranya Project authorities and the Orissa State Government could have avoided this expenditure.

-do-

5.85

The Committee trust that with the experience gained in this case, the Project Authorities would work in coordination with the State Government and finalise their programmes on more realistic basis.

-do-

5.93

The Committee note with regret that in this case a number of irregularities had been committed, namely:—

- (i) Contracts were entered into by a Director, Store Purchase with local firms without the approval of Government.
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- (ii) Purchase of automobile spare parts was being made from certain firms from December, 1960—two months prior to the conclusion of the running contracts with them and contracts in respect of three firms were renewed from time to time upto March, 1963.
- (iii) Overpayments amounting to Rs. 34,397 was noticed by Audit in June, 1963 in respect of spare parts purchased by the Administration due to their failure to verify the billed cost of spare parts with the manufacturers price lists. This amount had not been recovered upto October, 1965.
- (iv) The supplies received were not certified either by the suppliers or the receiving officers as manufactured by the standard manufacturers (prices of spare parts were to be paid for according to the standard manufacturers' price lists).
- (v) According to the Works Manager of the Central Workshop the terms and conditions of the rate contracts were vague and that it was, therefore, not possible to insist on the genuine parts manufactured by the original manufacturers.

(vi) Except in respect of springs, samples were not drawn from the supplies and got tested in exercise of the rights reserved in the contracts.

5 96 Deptt. of Rehabilitation

The Committee take a serious view of the lapses and irregularities committed in the purchase of spare parts. They desire that early action should be taken against those who are found guilty. They also desire that efforts should be made to recover the amount of Rs. 34,397 paid in excess on the purchase of spare parts.

43 5 100

-do-

The Committee regret to note that the Dandakaranya Development Project had to incur an avoidable expenditure of Rs. 43,797 on payment of electric charges to Orissa State Electricity Board. It is rather surprising to note that D.D.A. were not conversant with the technicalities of the contract which they entered into with the Orissa State Electricity Board. The Committee feel that before signing the contract the Chief Administrator should have properly examined the financial implications of the contract.

44 5 122

-do-

In the opinion of the Committee, the right course for the Chief Administrator in such a situation when he himself could not determine whether the foreign engineer's claim was right or D.D.A.'s claim was right, was to refer the matter to an independent technician.

45 5.126 Deptt. of Rehabilitation The Committee feel concerned to note that a number of irregularities had taken place in the purchase of tractors. The Committee regret to note that the Dandakaranya Project Authorities did not follow the prescribed procedure (tender system) in making the purchases and deprived Government of the benefit of competitive rates.

46 5.127 -do- The Committee find from the note furnished by the Ministry (Appendix XI) that the Chief Engineer did not visit Calcutta in February, 1960 for the inspection of trailers. He, however, sent a Technical Officer to contact the firm in question and this officer was in Calcutta from 18th February, 1960 to 24th February, 1960. Secondly, order for the purchase of 28 HP and 14 HP tractors was placed with the firm by the Chief Engineer without ascertaining suitability of these tractors and without having performance test.

5.128 -do- From the evidence and from the notes submitted, the Committee find that even before the Executive Committee meeting which was held on 18th March, 1960, the Chief Engineer had made up his mind to purchase these smaller HP tractors and indicated his mind also to the suppliers. The reasons for the unusual interest shown by the Chief Engineer in regard to the purchase of 28 HP and 14 HP tractors from a particular firm are not clear. They regret to note that such large purchases of tractors were made without ascertaining their utility.

-do-

The Committee are perturbed to find that when other firms did not give any technical details in their quotations, the D.D.A. did not ask them to furnish such details for 28 HP and 14 HP tractors for the sake of comparison but accepted the quotation given by a particular firm.

-do-

The Committee do not find any justification for the purchase of these tractors when their performance was doubtful in the trials made by the Project authorities and adverse reports were also received from the Bhilai Steel Project.

-do-

They are also disappointed to find that in spite of dissatisfaction and doubts about business with the firm, trailers were obtained from this firm again in 1961 and 1964 when the quotations quoted by this firm were higher than others.

-do-

The Committee also regret to note that the 10 per cent balance amount was paid to this firm in March, 1962, even though it came to the notice of the authorities of the Dandakaranya Project that there were some defects in the tractors. The balance of 10 per cent was released on the firm's assurance that all the tractors would be put on road. In spite of this assurance, the Committee regret to note that the repairs to defective tractors were carried out in the Central Workshop of the Project instead of by the supplier or at least at his cost. The fact that two tractors were off the road for a long time and that they had been cannibalised and would have to be written off and further that two more had been off the road for one year, does not speak well of the quality of the tractors purchased by the

D.D.A. The Committee desire that this case may be investigated in detail and responsibility fixed for various irregularities.

48 6.14 Mines and Metals

The Committee feel that the Ministry of Mines and Metals have not been able to fully justify the necessity of continuing the scheme of rail-cum-sea movement of coal which was started in 1961. In the written note (Appendix XII) furnished at the instance of the Committee by the Ministry, one of the reasons given for starting this scheme was that there was acute shortage of rail transport and by introducing this scheme they expected to relieve the pressure on railways while maintaining a regulated supply of coal.

6.15

-do.-

The Ministry in their note have given the following justification for levy of the excise duty and the cess:

“The transport of coal by rail-cum-sea route is more expensive largely on account of higher coastal shipping freight rates. It was, therefore, felt that the coal transported by the sea route should be made available to the consumers at almost the same price as corresponding grades of coal transported by all rail route. This was sought to be achieved partly by reducing the rail freight rates for the movement from Bengal/Bihar coalfields to Calcutta port,

partly by a small increase in the general rail freight rates for coal and partly by means of a subsidy which was to be covered by levy of a further cess on coal."

do.

6.16

The Committee find, however, that the movement of coal by rail-cum-sea route did not materialise to the extent (2.03 million tonnes annually) anticipated, but it declined in respect of coal supplied both to railways as well as to industrial consumers as the years passed as will be evident from the following figures supplied by the Ministry in their note:

Year	Railways	Industrial consumers	(Figures in million tonnes)	
			Total	Percentage increase with year 1960 (1.07 million tonnes as base)
1961-62	1.02	0.38	1.40	30
1962-63	1.37	0.56	1.93	80
1963-64	1.32	0.44	1.76	64
1964-65	1.15	0.34	1.49	39
1965-66	0.79	0.32	1.11	3

do.

6.17

The Committee note with regret that the Government had not even in any one year achieved the target of movement of coal by rail-cum-sea route (viz. 2.03 million tonnes). On the other hand, the proceeds from subsidy went on increasing from year to year. It resulted in a net surplus of about Rs. 2 crores from May, 1961 to March, 1965, and yet they maintained the levy at the same rate year

after year. The Government did not review the position also as they had an understanding with the shipping companies that the scheme would work for some years to come.

6.18

Mines and Metals

The Committee feel that the Government should undertake a review of the scheme to see whether it was desirable to continue the scheme any further or whether it needed change or modification. Since, the object of levying the additional excise duty was to cover the element of subsidy given to the movement of rail-cum-sea route, there is a *prima facie* case for reducing the amount of additional excise duty. The Committee would like to be informed of the action taken in this regard.

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6.23

do.

From the note furnished by the Ministry of Mines and Metals, the Committee find that the 'Jambad-Kajora' and 'Area F Ropeways' were scheduled to be completed by January, 1966 and October, 1966 respectively, but the expected completion dates were now January 1967 and December, 1967 respectively. As a consequence the likely extra cost under escalation on the two ropeways was estimated to be as follows:—

J.—K. Ropeway

Area 'F' Ropeway

Rs. 25.97 lakhs

Rs. 52.00 lakhs.

Extra liability due to devaluation for payment of imported materials is likely to be of the following order:—

J.—K. Ropeway

Area 'F' Ropeway

Rs. 65.03 lakhs

Rs. 35 lakhs

do. The Committee feel that the work on the two ropeways had been considerably delayed and this was likely to raise the total cost of the two ropeways by as much as Rs. 77.97 lakhs.

do. The Committee desire that the Ministry should inquire into the reasons for delay in implementation of these two schemes and should also make special efforts to expedite the erection of the two ropeways and complete the work without further delay.

do. The Committee regret to note the serious lapses that occurred in this case. Although in April, 1965, the Board came to know about the sale of hypothecated assets by the Company, and the Company had defaulted in the repayment of the 8th instalment fell due in Sept., 1965, till September, 1965, they had not been able to recover more than one instalment of the dues, nor did they take any action for breach of contract against the Companies (the Company which sold and the Company which purchased) and to recover the money due to the Board.

do. Another lapse for which no explanation could be given, was the fact that though the legal advice given in July, 1965 was to give notice to both the parties, yet for reasons not easy to understand the Board gave notice to one party only and thus not only forfeited their

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right to safeguard their their interest but further jeopardised it.

6.36 Ministry of Mines and Metals

It is evident from all this that the Board had not taken such an active interest to recover the loan amount etc. as should have been done.

6.37

do.

The agreement signed with the Company does not provide that the Board's claim on the company will be given preference over all other claims but it contains the following provision:—

“The said machinery and plant and each and every one of them shall be kept in the possession of the Hirer at the said colliery or at such other address as the Board may by writing authorise free from distress, execution or other legal process whatsoever and the Hirer shall on no occasion resell, assign or deal with nor shall the Hirer part with possession thereof or any portion thereof.”

“The hirer shall not so long as any money remains due and payable to the Board under the provision hereof create or purport or agree to create any mortgage or charge on the said colliery or any of the lands, mines and buildings thereof without the previous consent in writing of the Board.”

6.38

do.

In spite of this provision the Board sought no legal remedy to bring the company to book. For some time there appeared to be some confusion in the Board as to what machinery or assets were hypothe- cated, whether the company could legally do so, and what machinery

was acquired on hire purchase basis. As a result they could not take any action against the company which hypothecated a part of the machinery which belonged to the Board without the Board's knowledge or consent in writing. The Committee regret to note this lapse on the part of the Board and suggest that the Board should be more careful in future in safeguarding public funds.

6.39

do. The Committee would like to be informed of the final position about the recovery of the balance of the loan and interest outstanding against the colliery, in due course.

6.40

do. The Committee regret to note that the Ministry do not seem to have a proper system of scrutinising the Audit Reports and initiating action thereon. They therefore desire that Ministries of Government should improve their system of scrutiny of Audit reports not only in respect of the Ministries themselves but in respect of all Boards/Departments/Organisations under them and ensure that all actions arising therefrom are initiated promptly.

51 6.47

do. The Committee regret to note that in spite of their recommendation for revision of the system of grading of coal in 1963 in para 21 of their 25th Report (1963-64), reiterated in their 54th Report (1965-66), no action appears to have been taken by the Government in this regard so far. The system of grading of coal is still far from satisfactory and because of the defective system, the consumer in the country is sometimes required to pay much more than the quality of coal offered in return. The Committee hope that suitable steps would be taken to implement their earlier recommendations.

