

ESTIMATES COMMITTEE

1956-57

FIFTY-SIXTH REPORT

MINISTRY OF DEFENCE

ARMY STORES



LOK SABHA SECRETARIAT
NEW DELHI
March, 1957

CONTENTS

	PAGES
Composition of Estimates Committee	iii
Introduction	v
I INTRODUCTORY	1—3
(a) General	1
(b) Classification of Army Stores	1-2
(c) Organisation for procurement of Stores	2-3
II. PROCUREMENT	4—18
(a) Extent of purchase	4-5
(b) System of provisioning	5-6
(c) Methods of procurement	6—10
(d) Local purchase	10—12
(e) Procurement agencies	12—18
(i) D.G.S. &D.	12—16
(ii) D.G.O.F.	16-17
(iii) Chief Director of Purchase, Ministry of Food	17-18
(f) Purchases from abroad	18
III. SELF-SUFFICIENCY IN STORES	19—28
(a) General	19-20
(b) Imported Stores and Raw Materials Screening Committee	20-21
(c) Equipment Committee	21
(d) Show Room.	22
(e) Stores vocabulary	22-23
(f) Specifications	23-24
(g) Price preference	24
(h) Small Scale and Cottage Industries	24-25
(i) Tinned Milk Products	25-26
(j) Medical Stores	26
(k) M. T. Stores	26-27
(l) Other A.O.C. Stores	27
(m) Remount animals.	28

	PAGEs
IV. INSPECTION	29—31
V. RECEIPT, STORAGE AND ISSUE	31—41
(a) Receipt and issue	31—36
(b) Storage	36—38
(c) Extent of holdings	38—39
(d) Security and Discipline	39
(e) Losses	39—41
VI. VERIFICATION OF STORES	42—44
VII. DISPOSALS	45—49
(a) General	45
(b) Central Disposals Organisation	46—47
(c) Sale Values	47—48
(d) Review Boards	48—49
(e) Delays.	49
VIII. MISCELLANEOUS	50—51
APPENDICES	52—70
I. Statement showing the financial powers for sanctioning contracts and local informal agreements	52—53
II. Statement showing the number of Remount animals purchased during the last five years	54
III. Statement showing the number of Farms animals purchased during the last five years	55
IV. Procedure for working out the free and payment issue rates	56—58
V. Statement showing the summary of Conclusions/Recommendations	59—70

MEMBERS OF THE ESTIMATES COMMITTEE, 1956-57

1. Shri Balvantray Gopaljee Mehta—*Chairman*.
2. Shri B. S. Murthy
3. Shrimati B. Khongmen
4. Shri Nageshwar Prasad Sinha
5. Shri B. L. Chandak
6. Shri Amarnath Vidyalkar*
7. Shri Venkatesh Narayan Tivary
8. Shri Satis Chandra Samanta
9. Shri Raghavendraro Srinivasrao Diwan
10. Shri M. R. Krishna
11. Shri Jethalal Harikrishna Joshi
12. Shri Bhawani Singh†
13. Shri P. Subba Rao
14. Shri P. N. Rajabhoj
15. Shri Vishnu Ghanashyam Deshpande
16. Shri Satyendra Narayan Sinha
17. Pandit Dwarka Nath Tiwary
18. Shri C. R. Narasimhan
19. Shri Raghunath Sahai
20. Pandit Algu Rai Shastri‡
21. Shri Abdus Sattar
22. Shri Lakshman Singh Charak
23. Shri N. Rachiah
24. Shri Radheshyam Ramgumar Morarka
25. Shri Mangalagiri Nanadas
26. Shri T. B. Vittal Rao
27. Shri Y. Gadilingana Gowd
28. Shri Jaswantraj Mehta
29. Shri A. E. T. Barrow
30. Shri Choithram Partabrai Gidwani.

SECRETARIAT

Shri S. L. Shaktiher—*Joint Secretary*

Shri A. R. Shirali—*Deputy Secretary*

Shri C. S. Swaminathan—*Under Secretary*

*Resigned with effect from the 20th November, 1956.

†Died on the 6th October, 1956.

‡Ceased to be a member upon his election to Rajya Sabha on the 13th December, 1956.

INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf present this Fifty-sixth Report on the Ministry of Defence on the subject of Army Stores.

2. The Committee wish to express their thanks to the officers of the Ministry of Defence for placing before them the material and information that they wanted in connection with the examination of the estimates. They also wish to thank Shri G. B. Kotak for giving his evidence and making valuable suggestions to the Committee.

BALVANTRAY G. MEHTA,
Chairman,
Estimates Committee.

NEW DELHI;
The 22nd March, 1957.

I

INTRODUCTORY

(A) General

The Defence authorities in general and the Army in particular constitute by far the biggest purchaser of stores required for public service in India, next only to the Railways. The number of items of Defence stores runs into lakhs, ranging from simple items like vegetables to highly technical equipment like radar. Indeed, it is a Herculean task even in peace-time to plan well in advance the requirements of the Defence Forces for all the items of Defence stores required by them and to arrange for their procurement and storage while in an emergency the task is far more complicated. It has been rightly observed that planned provisioning is the nutrition of technical efficiency. The availability of the right type of stores and at the right time is as essential for maintaining the efficiency of the Defence Forces at the highest as the availability of the right type of personnel for the purpose. The magnitude and importance of the problem are evident from the fact that annually a sum of approximately Rs. 65 to 70 crores, nearly one-third of the total Defence Budget is expended on stores. It is, therefore, clear that the procurement of Defence stores to meet the requirements qualitatively, quantitatively and in proper time, both in peace and in an emergency, and their storage and custody, are of great importance for the well-being and efficiency of the Defence Services as well as for the security of the country.

2. Defence stores are required by all the three Services, *viz.*, Army, Navy and Air Force as also the inter-service organisations like the Ordnance Factories and the M.E.S., but their requirements are by no means exclusive except to a considerable extent in the matter of Ordnance stores. This report deals mainly with the stores required by the Army and the inter-service organisations but the problems discussed herein are broadly common to all the categories of Defence stores.

(B) Classification of Army Stores

3. Army stores may be divided into four broad categories *i.e.* Army Service Corps Stores, Medical and Veterinary Stores, Army Ordnance Corps Stores and Engineer Stores. In addition the Army requires livestock also.

4. (i) A.S.C. stores mostly comprise of foodstuffs, coal, hygiene chemicals, petrol, oil, lubricants, vegetables, meat, fodder, milk and milk products.

(ii) Medical and Veterinary stores, as the name implies, comprise of all kinds of medical stores and equipment including optical and dental appliances required for the medical treatment of Service personnel and animals.

(iii) A.O.C. stores comprise of M.T. Vehicles, clothing, leather goods, guns, shells, rifles, and other arms and ammunition.

(iv) Engineer stores comprise of such items as bricks, tiles, cement and other construction materials including plant and machinery required for the Military Engineering Services.

(v) Livestock comprise Remount, Veterinary and Farm animals.

C. Organisation for Procurement of stores

(i) A.S.C. Stores

5. The Quarter Master General, one of the four Principal Staff Officers at the Army Headquarters, is the ultimate authority responsible for the provisioning and storage of A.S.C. stores. The immediate responsibility in this regard rests with the Director of Supply and Transport under the Q.M.G. It is further discharged through the Brig. A.S.C. at the Command level and the Army Supply Corps Officers stationed at various places throughout the country. Besides these officers, Formation Commanders at lower formations are also authorised to obtain A.S.C. stores by local purchase.

6. Although the Quarter Master General is an officer under the control of the Chief of Army Staff, he is responsible for the supply of foodstuffs not only for the Army, but for the other two Services as well. So far as P.O.L. are concerned, he is responsible to meet the entire requirements of the Army and the Air Force and to a limited extent the requirements of the Navy. The Navy's requirements are mainly in respect of diesel oil and engine oil. These are mostly needed in the coastal areas where the Navy has its own establishments, who find it easier to get their requirements themselves.

(ii) M. & V. Stores

7. The Director General of Armed Forces Medical Services is responsible for provisioning and supply of M. & V. stores to units of all the three Services. This post was created as an inter-Service post on the recommendations of the Roy Committee set up by the Government of India, after the post of the Director General, Indian Medical Service was abolished as a result of the decision of the Government of India to wind up the late I.M.S. from the 15th August, 1947. The three Services Headquarters have, however, each a Director of Medical Services. He is assisted by a Deputy Director and a number of Assistant Directors and Staff Captains through whom he discharges his responsibility.

(iii) *A.O.C. Stores*

8. The ultimate responsibility for the procurement and storage of A.O.C. stores rests with the Master General of Ordnance, who is another Principal Staff Officer at the Army Headquarters. He has under him a Director of Ordnance Services at the Headquarters and Brigadier-in-Charge of Ordnance Services at the headquarters of each Command. Further, at the field level, there are Commandants-in-charge of Central Ordnance Depots as well as of Command Ordnance Depots located at different parts of the country. The Director of Ordnance Services initiates action for the procurement of class A stores *i.e.* main equipment; whereas the Commandants-in-charge of Central Ordnance Depots initiate action for Class B stores *i.e.* spare parts and maintenance items.

(iv) *Engineer stores*

9. So far as Engineer stores are concerned, the ultimate responsibility for provisioning rests with the Engineer-in-Chief at the Army Headquarters. Under him there is a Director of Engineer Stores and Plant, who is directly responsible for the procurement of stores required for the Corps of Engineers and the works undertaken by the M.E.S. His responsibility is, however, limited to the procurement of controlled stores, *i.e.* those that are in short supply as well as statutorily controlled items like iron, steel and cement. Similar to the set-up at the Army Headquarters, the Chief Engineers of Commands have requisite organisational staff for the provisioning of uncontrolled stores required for the entire Engineering Services.

II PROCUREMENT

A. Extent of Purchase

10. The value of purchases of stores for the Army made during the last five years is as follows:—

(In thousands of rupees)

	1951-52	1952-53	1953-54	1954-55	1955-56
A. S. C. Stores . . .	23,45,26	22,00,80	20,32,36	19,26,70	18,21,30
M. & V. Stores . . .	14,42	14,85	14,09	23,69	30,77
A.O.C. Stores . . .	26,55,00	33,92,00	30,25,00	34,20,00	21,31,00
Engineer Stores . . .	3,43,02	3,42,14	2,74,37	2,33,53	2,87,88
TOTAL . . .	53,57,70	59,49,79	53,45,82	56,03,92	42,70,95

11. A break-up of the amount showing the sources through which the stores were procured is given below:

A. S. C. Stores

D.G.O.F.	62,57	53,28	61,38	30,07	3,73
Local purchase . . .	6,02,04	5,82,52	4,94,11	4,79,18	4,32,75
Central purchase . . .	16,80,65	15,65,00	14,76,87	14,17,45	13,84,82
TOTAL . . .	23,45,26	22,00,80	20,32,36	19,26,70	18,21,30

M. & V. Stores

D.G.O.F. . . . .	..	..	..	..	2
Local purchase . . .	20	30	36	77	2,86
Central purchase . . .	6,97	5,14	6,57	13,28	17,30
U.S.A	22	35	11	27	44
U.K.	4,40	5,49	3,37	2,77	3,36
Govt. Factories . . .	2,63	3,57	3,68	6,60	6,79
TOTAL . . .	14,42	14,85	14,09	23,69	30,77

Percentage of stores imported from abroad . . .	32.00	39.3	24.7	12.8	12.4
--	--------------	-------------	-------------	-------------	-------------

A.O.C. Stores

	1951-52	1952-53	1953-54	1954-55	1955-56
D.G.O.F.	10,64,00	12,06,00	11,53,00	11,93,00	8,93,00
Local purchase	14,00	18,00	17,00	21,00	18,00
Central Purchase	9,17,00	13,65,00	9,86,00	12,42,00	5,12,00
U.S.A. & Canada	1,95,00	2,85,00	4,80,00	42,00	41,00
U.K. & the continent	4,65,00	5,18,00	3,89,00	9,22,00	6,67,00
TOTAL	26,55,00	33,92,00	30,25,00	34,20,00	21,31,00
Percentage of stores imported from abroad	24.9	23.7	28.7	28.00	33.2
Engineer Stores					
Central purchase	2,94,38	3,16,31	2,29,57	2,11,25	2,50,90
Local purchase	12,82	16,08	16,79	14,87	17,04
U.S.A.	5,44	3,43	17,85	17	39
U.K. and the Continent	30,38	5,78	9,13	7,04	19,55
New Zealand	..	54	1,03	20	..
TOTAL	3,43,02	3,42,14	2,74,37	2,33,53	2,87,88
Percentage of stores to be imported	49.1	24.2	25.6	14.3	16.5

B. System of Provisioning

12. The provisioning of stores is primarily an assessment of the all-India stock situation intended to ensure that stores balances are kept at essential levels. It is an annual feature supplemented by such periodical reviews as may be necessary depending upon the fluctuations in the stock levels. Well before the annual cycle of review, the Army Headquarters in consultation with the Ministry of Defence lay down the troop targets for which the requirements of stores have to be provided for during the provision period in the ensuing cycle. Based on this decision of policy, assets, liabilities and reserves to be maintained, are worked out. The assets consist of physical stocks plus the outstanding dues-in. The liabilities are determined on the basis of firm known requirements plus the mobilisation reserves and the dues-out i.e., the demands which could not be complied with during the preceding quarter. The balancing of assets and liabilities is done on a Provision Review Form and the net deficiencies and surpluses are worked out. The Form showing this calculation is then vetted by the Ministry of Finance (Defence). In the case of deficiencies, action is taken for procurement through the appropriate agencies. In case the review brings out any surpluses, action is first taken to

cancel dues-in provided circumstances so warrant. Thereafter, it is examined to see whether these can be utilised in the ensuing provision year. If this is not possible because of their becoming obsolete and non-standard, the stocks are declared as surplus for disposal.

13. It is clear from what has been stated above that the annual Provision Review is the basis on which demands or surpluses are determined. It is, therefore, absolutely necessary that this review is carried out as efficiently as possible, since any lapse may either lead to unnecessary purchase or premature disposal, both of which are harmful to the financial interests of the State. The fact that even after nearly 12 years of the termination of the last war, the Army continues to declare stores worth crores of rupees as surplus and obsolete every year is an indication that they are holding large quantities of unnecessary stores. The question whether the accumulation of such unnecessary holdings or at least, a part thereof, might to any extent be due to the present system of Provision Review, requires very thorough and careful examination. The Committee have subsequently recommended in para. 105 of this Report, the setting up of a Committee of officials and non-officials to go into the matter of excess holdings with the Defence Services. They suggest that the question of the adequacy and effectiveness of the present system of Provision Review and the extent to which the system is followed in actual practice should also be referred to that Committee for a comprehensive enquiry.

C. Methods of Procurement

(i) *Army Service Corps Stores*

14. A.S.C. Stores may be broadly classified under two categories viz., (1) the Central Purchase articles, such as imported and indigenous foodstuffs, petrol and hygiene chemicals etc. and (2) the local purchase articles, such as milk, vegetables, meat etc.

15. The Central purchase articles of the Army Service Corps are procured by the S. & T. Directorate under the Q.M.G. through the following organisations:—

- | | |
|---|---|
| (a) Chief Director of Purchase, Ministry of Food. | Imported and indigneous foodstuffs. |
| (b) Director General of Supplies & Disposals. | Petrol, oil and lubricants (all grades), hygiene chemicals, laboratory equipment etc. |
| (c) Director General of Ordnance Factories. | Packing material for petrol, oil and lubricants. |
| (d) Coal Commissioner | Coal/Coke. |
| (e) Salt Commissioner | Salt. |

16. Local purchase items are obtained by the following methods:

(a) *Contracts*.—Ordinarily all local purchase supplies are obtained by contracts included on tender system. The contracts are

concluded on yearly or half yearly basis and are subject to pre-scrutiny by Accounts authorities.

(b) *Informal Agreements*.—These agreements are concluded in cases of emergency, or when a regular contract is either not feasible or is uneconomical. The maximum period for which an informal agreement is concluded is three months, while its maximum value normally does not exceed Rs. 1 lakh. These agreements are not subject to pre-scrutiny by Accounts authorities.

(c) *Direct Purchases from the local market*.—These are made when neither regular contract nor informal agreement is feasible and also in the following circumstances:

- (a) Purchases for troops on the line of march/camp.
- (b) At the risk and expense of the contractors when they fail to supply the demand placed on them.
- (c) In an emergency when supplies have to be delivered to troops at out of the way places which cannot be supplied by road rail or where procurement by regular contract/informal agreement is impracticable.
- (d) To meet day to day requirements of petty supplies, for example, medical comforts.

17. No special organisation exists for the procurement of local purchase articles. Contracts are operated by A.S.C. Supply Depots where they exist and at other places by the major units at the stations. The Depot Unit is responsible for co-ordinating demands of local troops and placing supply orders on the contractors.

(ii) *Medical and Veterinary Stores*

18. Procurement of Medical Stores and Equipment is made through the following sources:

- (a) *Procurement in India*
 - (i) Government owned factories/Institutions for items manufactured by them. This includes Hindustan Antibiotics, Ordnance Factories, E.M.E. Workshops, Opium Factory, Gazipore, Government Medical Store Depots, Factories under the D.G.H.S., Haffkine Institute, Central Research Institute, Kasauli, etc.
 - (ii) Directorate General of Supplies and Disposals and their Regional Offices for all items the value of which exceeds Rs. 10,000.
 - (iii) Procurement cell in the Office of the D.G.A.F.M.S. for all demands valued from Rs. 2,000 to Rs. 10,000. This cell has been recently created with a view to effect speedy procurement.

(iv) Officer Commanding, Armed Forces Medical Stores Depots, for petty demands valued at less than Rs. 2,000 which can be speedily and economically procured locally to meet requirements of dependent units.

(b) *Procurement in U.K./European Continent*

Director General, India Stores Department, London.

(c) *Procurement in U.S.A.*

Items not available in soft currency areas are procured from the U.S.A. through India Supply Mission, Washington.

(iii) *Army Ordnance Corps Stores*

19. Ordnance Stores are broadly classified into two categories viz.

(a) Class 'A' Stores i.e. main equipment and (b) Class 'B' Stores i.e. spare parts and maintenance items. The Army Headquarters are responsible for the review of the requirements of Class A Stores and for initiating action for their procurement. The Ordnance Depots are responsible for similar action in respect of Class B Stores.

20. Ordnance Stores are procured through indigenous sources as well as from abroad. The main sources of supply, besides minor sources like local purchase and manufacture of stores in Depots/E.M.E. Workshops, are as follows:

Indian Sources

- (i) D.G.S. & D. for civil trade items.
- (ii) D.G.O.E. for all Factory manufactured items.
- (iii) I.T.I. & B.E.L. Bangalore, for telecommunication stores.

Foreign Sources

- (i) D.G.I.S.D., London.
- (ii) I.S.M. Washington.
- (iii) War Office, London.
- (iv) The Ministry of Supply, U.K.
- (v) The Army Department, U.S.A.

21. Draft indents for supply of stores are vetted by the Technical Development Establishment who have to furnish necessary particulars. The indents are then placed on the relevant supply agencies with the prior concurrence of the Ministry of Finance (Defence), where necessary. All indents costing Rs. 5 lakhs and above and certain important indents costing over Rs. 1 lakh, require the prior concurrence of the Ministry of Defence.

22. Indents placed on the D.G.S. & D. are met by him from trade in India. Stores demanded of the D.G.O.F. are manufactured in Ordnance Factories. Demands for Stores procurable in U.K. and U.S.A. are forwarded to the Ministry Adviser/Military Attache in

those countries. The indents for stores to be purchased on Government to Government basis are taken up by this officer with the U.K. War Office/Ministry of Supply or the U.S.A. Army Department, as the case may be, indents for stores to be purchased from trade being passed on respectively to the D.G., I.S.D., London, and the I.S.M., Washington.

(iv) *Engineer Stores*

23. Indents for Engineer Stores for the Military Engineering Services are generally placed on the Directorate General of Supplies and Disposals or its regional Organisation in India for provision action. The following are exceptions:

- (a) Indents for stores the value of which does not exceed Rs. 10,000 are not placed on the D.G.S.&D. or its subordinate organisations except when:
 - (i) rate and running contracts exist for stores; or
 - (ii) the stores cannot conveniently be obtained direct;
- (b) Indents for Iron and Steel (controlled categories) are placed centrally by Engineer-in-Chief Branch direct on the Iron and Steel Controller, Calcutta. In case of non-controlled categories, the indents are not routed through Engineer-in-Chief. They are sent direct to the Iron and Steel Controller by the Chief Engineers.
- (c) Local purchases, when stores are urgently required and delay is detrimental to the public service, upto certain limits of financial powers vested in Military Engineer Officers.

24. For procurement of stores against Rate Running Contracts, M.E.S. Officers are authorised to operate on them directly upto certain monetary limits. For stores upto Rs. 10,000 required against normal requirements, M.E.S. Officers are permitted without the intervention of the Directorate General of Supplies and Disposals to obtain them from indigenous sources.

25. Indents for stores to be purchased from abroad are in the first instance placed on the D.G.S. & D., New Delhi. On receipt, the D.G.S. & D. determines whether the stores or their substitutes could be obtained from indigenous sources or should be imported from abroad. If the stores have to be imported from abroad, the procedure adopted in respect of U.K. and U.S.A. is as under:—

U.K.

In the case of stores that are not available from indigenous sources and are to be procured from U.K., the indents placed on D.G.S. & D. are cancelled and fresh indents are placed direct on the High Commissioner for India in the U.K., by Engineer-in-Chief's Branch through the Ministry of Defence.

U.S.A.

Indents are cross mandated to India Supply Mission by the D.G.S. & D.

(D) Local Purchase

(i) General

26. As mentioned earlier, local purchase is allowed in respect of all the types of stores in certain circumstances and upto certain financial limits.

27. In pursuance of the recommendations of the Stores Purchase Committee, the powers of the Defence Indentors in respect of direct purchase were enhanced from Rs. 2,000 in each case to Rs. 10,000. This was done to ensure that the D.G.S. & D. was not burdened with certain types of purchases where the advantage of Central purchase was not significant. The enhancement of power was actually communicated to the various authorities in the middle of 1956. Sufficient data are, therefore, not available to assess the effects of the enhancement.

(ii) Powers

28. The powers of local purchase have been delegated in varying degrees to the subordinate authorities and are exercisable by them subject to such delegation.

(a) A.S.C. Stores

29. In respect of A.S.C. Stores, the following are the limits upto which local purchase may be sanctioned by various authorities:

- | | | |
|--|----|-----------|
| (a) Brigadier Army Service Corps Command | .. | Rs. 2,500 |
| (b) Deputy Director of Supplies and Transport Corps. | .. | Rs. 2,000 |
| (c) Commander Army Service Corps Area or Deputy Assistant Director of Supplies and Transport Independent Sub-Area or Brigade Group or Assistant Director of Supplies and Transport Corps | .. | Rs. 1,000 |
| (d) Deputy Assistant Director of Supplies and Transport Sub-Area | .. | Rs. 250 |

30. The local purchase referred to above is actually the direct purchase from local markets and is, therefore, exclusive of purchase obtained through local contracts or informal agreements. The financial powers for sanctioning contracts and local informal agreements are different and are as shown in Appendix I.

(b) M. & V. Stores

31. In respect of M. & V. Stores, as already mentioned, the Procurement Cell in the Office of the D.G.A.F.M.S. has powers of local

purchase upto a limit of Rs. 10,000. The Officer Commanding A.F.M.S. Depots can procure stores locally to meet the requirements of dependent units if the value of a demand does not exceed Rs. 2,000.

(c) *A.O.C. Stores*

32. In respect of A.O.C. Stores, the financial powers for local purchase and the officer competent to effect such purchases are stated below:

- | | |
|--|--------------|
| (a) Officer Commanding Ordnance Depots with the rank of a Major | .. Rs. 200 |
| (b) Chief Ordnance Officers Command Ordnance Depots with the rank of Colonel | .. Rs. 400 |
| (c) Commandants of Central Ordnance Depots with the rank of a Colonel | .. Rs. 400 |
| (d) Director of Ordnance Services at Army Headquarters | .. Rs. 2,500 |

These powers, vested in Commandants/Chief Ordnance Officers/Officers Commanding and Director of Ordnance Services, are exercisable without consulting Financial authorities.

33. Besides the above, the local purchase powers of the Director of Ordnance Services have been delegated to Commandant of Central Ordnance Depots who can exercise the same, only in consultation with the financial authorities, (Deputy Assistant Financial Advisers) attached to them.

34. In addition, financial powers for direct purchase have been authorised as under:—

Master General of Ordnance—upto Rs. 10,000 (exercisable in each case with the concurrence of the Ministry of Finance).

These powers have now been delegated to Commandants of Central Ordnance Depots and the Chief Ordnance Officers of the two Central Depots, *viz.* Central Ordnance Depot, Dehu, and Central Armoured Fighting Vehicle Depot, Kirkee, who have Deputy Assistant Financial Advisers attached to them. The powers are exercisable with the concurrence of their associated financial authorities, *viz.* Deputy Assistant Financial Advisers.

35. In emergencies when the non-acquisition of the article concerned is likely to hold up work, quantities required to tide over the emergency can be procured through local purchase irrespective of the value of the stores with the prior concurrence of the Ministry of Defence and Ministry of Finance (Defence).

(d) *Engineer Stores*

36. As for Engineer stores, the Military Engineer Officers are vested with powers of local purchase upto a limit of Rs. 10,000 when stores are urgently required and delay is detrimental to the public service.

(iii) *Extent of local purchase*

37. A statement showing the value of local purchase of different types of stores for the last five years is given below:

(In thousands of rupees)

	1951-52	1952-53	1953-54	1954-55	1955-56
A.S.C. Stores]	6,02,04	5,82,52	4,94,11	4,79,18	4,32,75
M. & V. Stores]	20	30	36	77	2,86
A.O.C. Stores	14,00	18,00	17,00	21,00	18,00
Engineer Stores	22,82	16,08	16,79	14,87	17,04
TOTAL	6,29,06	6,16,90	5,28,26	5,15,82	4,70,65

It may be seen that local purchase constitutes about 10·8 per cent. of the total value of stores procured.

38. The position shown above is in respect of the period when the financial limit for local purchase was Rs. 2,000. It was represented to the Committee that with the enhancement of the maximum financial limit of local purchase to Rs. 10,000 local purchase might account for about 40 per cent. of the total purchases. Since these purchases would be made by the various Defence authorities themselves, delays in procurement of stores, which are often put forward as reasons of non-implementation of programme in time should diminish to a large extent. It has, however, to be ensured that the authorities who exercise these powers do so judiciously and with due regard to economy as well as efficiency. Since the total value of the stores locally purchased will be very large, even a small percentage of avoidable expenditure would result in large sums being wasted. The Committee would, therefore, recommend that there should be a periodical review of the exercise of the powers of local purchase by various authorities.

(E) *Procurement Agencies*(i) *D.G.S. & D.*

39. With the exception of foodstuffs, vegetables, milk products, Armoured and specialist vehicles and arms and ammunition, the bulk of the stores required for the Army is procured through the

D.G.S. & D. The value of stores thus procured during the last five years is given below:

(In thousands of rupees)

	1951-52	1952-53	1953-54	1954-55	1955-56
A.S.C Stores . . .	4,88,29	6,83,11	5,21,31	5,75,48	6,52,13
M. & V. Stores . . .	6,97	5,14	6,57	13,28	17,30
A.O.C. Stores . . .	9,17,00	13,65,00	9,86,00	12,42,00	5,12,00
Engineer Stores . . .	2,73,89	2,69,91	2,03,53	1,65,77	1,82,01
TOTAL . . .	16,86,15	23,23,16	17,17,41	19,96,53	13,63,44

40. It would thus be observed that central purchases through the D.G.S. & D. account for approximately 28·2% of the total purchases in the case of A.S.C. Stores and 50·0, % 34·3% and 73·9% in the case of M. & V., A.O.C. and Engineer Stores respectively. The percentage in the last categories is however likely to be less in future due to the recent increase of local purchase limit.

41. The general complaint against the system of purchase through the Director General, Supplies and Disposals has been one of delay. This complaint was investigated by the Stores Purchase Committee which in March, 1955 made its recommendations for the elimination of delays. The Committee were informed by the representatives of the Ministry that there had been some improvements in this matter since then. It was stated, however, that there was still scope for further improvement which might be expected when all the recommendations of the Stores Purchase Committee were implemented. The Committee were told that individual cases of delays in regard to the purchase of Defence Stores were taken up directly with the D.G.S. & D. There is also an Army Liaison Officer working with the Director General, Supplies and Disposals at headquarters. He assists the Director General in technical matters and also helps to progress indents on behalf of the indentors. There are, however, no Regional Liaison Officers with the Regional Purchasing organisations. The Committee would recommend that the nature of delays as well as their reasons should be carefully examined at an early date and if they could be minimised by posting Regional Army Liaison Officers with each regional purchasing organisation steps should be taken to post such additional liaison officers.

42. The Committee would observe that in the matter of eliminating delays, the indenting department should also cooperate actively with the Central Purchase Organization. Under the existing procedure, the indenting Directorate places the indent directly on the D.G.S. & D. and sends a copy of the indent to the Technical Directorate which is responsible for supplying to the D.G.S. & D. the

Technical details, specifications drawings etc. The Technical Directorate is supposed to send particulars to the D.G.S. & D. within a fortnight. But the Committee understand that cases occur where the technical details are not sent for considerable time, for one reason or another, but nevertheless delaying the purchase action by the Purchase organisation. The D.G.S. & D. is reported to have decided recently, that until the specifications were furnished to him, indent would not be treated as a proper order on him. While the Committee are assured that such delays occur only in ten per cent. of the cases, they feel that the procedure is defective as it does not ensure co-ordination between the indenting Directorate and the Technical Directorate. There could be occasions when the indenting Officer would be unaware that action on the indent had been held up and would be counting on the supply of the stores, only to find belatedly what had happened. The Committee would, therefore, recommend that the procedure should be altered. It should be made the responsibility of the indenting department to obtain all the necessary particulars from the Technical Directorate and to place the indent on the D.G.S. & D. in a complete form. The Committee feel that this would go a long way in reducing delays as well as lack of co-ordination among various authorities concerned.

43. The Committee understand that purchase of arms and ammunition, on Government to Government basis, is done directly by the Defence Ministry, and not through the D.G.S. & D., or DG. ISD, London, or ISM, Washington. (The DG, ISD, London, and the ISM, Washington, are not representatives of D.G.S. & D., Delhi, but work directly under the Ministry of Works, Housing & Supply.) The Stores Purchase Enquiry Committee had also agreed that this practice might continue. Such purchases often require negotiations with or assistance of foreign governments before they can be procured. It is, therefore, understandable that central purchase will not be helpful in such cases. The Committee feel, however, that there might also be other types of stores where the central purchasing organisation might not be very helpful as for instance in the case of specialised stores and proprietary articles, which would be required only by the Defence authorities and by no other indenter in the country. The Committee recommend that a review may be made of such stores and they may be included wherever possible under direct purchase items.

44. Another means by which an indenter could cooperate with the D.G.S. & D. in ensuring delivery according to schedule is by furnishing realistic time schedules. As explained earlier, the various authorities concerned are required to conduct advance reviews for provisioning of stores to enable them to place indents of orders for stores in sufficient time, after taking into account the time likely to elapse before delivery can be expected. The Stores Purchase Committee had pointed out a number of instances in

which the delivery periods indicated were impossible of performance or left the D.G.S. & D. insufficient time for procurement. The Committee hope that in the light of the criticism referred to above, there has been greater sense of realism in the indication of delivery periods. On the other hand, the Stores Purchase Committee had also noticed that even in the case of Defence demands preferred 18 months in advance in order to allow sufficient time to the Central Purchase Organisation to procure goods in time, the D.G.S. & D. used to defer purchase action till a reasonable period before the time was due for delivery, with a view to taking advantage of a possible downward trend in prices during the intervening period. It was noticed that this resulted in the indenter not getting timely supplies even after giving ample notice. The Stores Purchase Committee felt that there was no justification for postponement of action in such cases and recommended that the extra period available should be utilized to allow extra time to the trade to submit quotations and also for better planning of production by the successful tenderer. The Committee hope that the defence indentors would find considerable improvement in the position as a result of that recommendation.

45. Under the existing arrangements, the D.G.S. & D. is empowered to place orders at prices higher than the estimates shown in the defence indents, if the price proposed to be paid does not exceed the estimated price by more than 66-2/3% or Rs. 5 lakhs, whichever is less. Notwithstanding that such wide discretion has been allowed to the D.G.S. & D., it is understood that a fairly large number of the indentors have to be referred to the Defence Ministry, as the prices quoted by the trade exceed these limits. The Committee were informed that such cases occurred because the estimates were based on the price paid on the last occasion when such stores were purchased and in cases of stores which had not been purchased during the last four or five years, the prices might have gone up considerably, sometimes even to the extent of 400%. It was also mentioned that in the case of the spare parts of armoured vehicles, powers to settle prices at more than 66-2/3% over those quoted by the indentors had been given because it was found that the prices had gone up very high. It was explained that if wider discretion was given in respect of all stores, it would cause difficulties of budgeting. The Committee do not, however, consider this to be an insurmountable difficulty. Such cases could not possibly occur frequently and perhaps would account for only a small percentage of the total value of stores purchased by the army. Even in respect of such stores as have not been purchased during the last three or four years and the prices of which might have gone up very high, it should be possible for the indenter to take a decision as to which of the stores would have to be procured in spite of considerable rise in prices. In respect of such stores, the discretion to accept the market prices might be given to the Director General, Supplies & Disposals. Only in respect of those stores the purchase of which would have to be reconsidered on the basis of the extent of rise in their

prices, the limit of 66-2/3% may prevail. The Committee do not consider that there is any danger in giving such discretion to the Director General as mentioned above, since the Central Purchase Organisation is in touch with the market and places orders only after ascertaining competitive prices prevailing in the market. They feel, that in respect of indispensable defence requirements it would be unrealistic to adopt any other procedure.

46. In this connection, the Committee would also refer to the general tendency among the suppliers to quote higher rates for Government requirements perhaps mainly due to the delay in obtaining payment for them. It is also thought that for defence requirements the rates quoted are still higher because of the stringency in inspection of stores. While the Committee hope that delays in payments are getting less as a result of the measures taken in pursuance of the Stores Purchase Committee's recommendations, they would recommend that the consignees should take very prompt action regarding the furnishing of necessary certificates to enable payments to be made without delay. As regards the inspection of Defence stores, the Committee would refer to it in a subsequent Chapter of this Report.

(ii) *D.G.O.F.*

47. The D.G.O.F. is one of the principal suppliers of A.O.C. Stores, though stores of other categories are also supplied by him. The value of such stores supplied by him during the last 5 years is given below:

		(In thousands of Rupees)				
		1951-52	1952-53	1953-54	1954-55	1955-56
A.S.C. Stores	. . .	62,57	53,28	61,35	30,07	3,73
M. & V. Stores	. . .	..	..	..	..	2
A.O.C. Stores	. . .	10,64,00	12,06,00	11,53,00	11,93,00	8,93,00
TOTAL		11,26,57	12,59,28	12,14,35	12,23,07	8,96,75

48. The main items of A.S.C. Stores procured through the D.G.O.F. are containers and packing cases for petrol, oil and lubricants. The items of A.O.C. Stores, however, range from simple clothing items to highly specialised arms, ammunitions and instruments and run into thousands. The Committee note with regret that on 1-4-56, orders for a total value of Rs. 7,00,05,139 (Rs. 1,62,85,118 for spares and accessories and Rs. 5,37,20,021 for main equipment) in respect of A.O.C. Stores alone were outstanding for over one year with the D.G.O.F. While the Committee would refer to this matter in detail in their report on the Ordnance Factories, there are certain points concerning the indentors which they would discuss here.

49. Under the present, procedure, the provisioning of A.O.C. Stores by the Services is done for a period of one year only, although for vast majority of items the demand is recurring. The Committee understand, however, that the system had been changed recently and recurring items had to be conveyed on a three year programme basis 12 months ahead on 1st April preceding the first year of requirement covered in the programme. A preliminary forecast of the nature and quantity of stores expected to be procured through the D.G.O.F. is communicated to him as soon as the provision review is over, so as to enable him to plan production, but the D.G.O.F. can actually take action on it only on receipt of firm orders. The Committee understand that the D.G.O.F. seldom received notice of the requirements from the Services and also that wherever received, the preliminary forecasts and the firm order differed, due to various reasons. They further learn as already observed in the case of indents placed with the D.G.S. & D. that in the case of indents on D.G.O.F. also, full technical particulars such as drawings, specifications, samples, etc. which are vitally necessary to guide manufacture do not always accompany the forecast or the firm orders. Thus, back references become inevitable with consequent delay. Further, the Committee understand that very often the priorities assigned to the indents are changed and delivery dates are altered in successive reviews. The firm orders were also often said to stipulate impossible delivery dates on operational and other grounds. The Committee realise that the Services might have their own difficulties in regard to their provisioning system and in communicating their requirements to the D.G.O.F. but they feel that every endeavour should be made by them to reduce the resulting difficulties to the D.G.O.F. to the minimum.

(iii) *Chief Director of Purchase, Ministry of Food*

50. The Q.M.G. at the Army Headquarters is responsible for the provisioning of foodstuffs for the Army, the Navy and the Air Force. The demands on being received from the other two Services are consolidated in the Army Headquarters and are passed on to the Chief Director of Purchase, Ministry of Food, for procurement action. The Chief Director is a military officer whose services are placed with the Ministry of Food. He represents the policy and requirements of the Q.M.G. to the Ministry of Food. The value of foodstuffs obtained through the Chief Director of Purchase during the last five years is given below:

(In thousands of Rupees)

1951-52	1952-53	1953-54	1954-55	1955-56
11,87.59	8,76.56	9,51.23	8,37.45	7,29.05

51. Prior to the 1st April, 1956, the procurement of tinned foodstuffs from abroad was being arranged by the Ministry of Defence direct. Since all the requirements of foodstuffs other than those

imported from abroad were being obtained through the Chief Director of Purchase, it was considered advisable to procure the imported tinned foodstuffs also through him so that the entire requirements of foodstuffs (indigenous and imported) could be obtained through a single agency. It was, therefore, decided in consultation with the Ministry of Food to transfer with effect from 1st April, 1956, the work relating to the import of tinned foodstuffs also to the Chief Director of Purchase.

F. Purchases from abroad

52. As mentioned earlier in this Report, the Army has to depend on supplies from abroad for a large variety of stores such as M. T. Vehicles and spare parts, arms and ammunition, wireless equipment, telecommunication stores, tinned foodstuffs etc. The cost of such supplies amounts on an average to about Rs. 7 to 10 crores a year.

53. Demands for stores procurable from the U.K. and the U.S.A.—the two principal countries of supply of A.O.C. Stores are forwarded to the Military Adviser/Military Attache in those countries. Indents for stores which are to be procured from trade in those countries are passed on to the D.G., I.S.D., London and the I.S.M., Washington, by the Military Adviser/Military Attache for necessary action. Indents for stores to be purchased on Government to Government basis are passed on to the U.K. War Office/Ministry of Supply and the U.S. Army Department. As regards foodstuffs, they are usually procured from U.K., Australia, New Zealand, Denmark, and Holland. The total value of imported foodstuffs during the current year is estimated at Rs. 43 lakhs.

54. There have been several instances in the past where the Defence Ministry themselves carried on direct negotiations with foreign firms for stores like arms and ammunition, by-passing the recognised procuring agencies abroad. The deals thus concluded by the Defence Ministry very often resulted in heavy financial loss to the Government and have been referred to and commented upon in several reports of the Public Accounts Committee. The Committee are, however, glad to learn that this practice has since been stopped and our procuring agencies abroad are associated with such negotiations from the very early stage.

55. The Committee would in this connection endorse the following recommendations of the Stores Purchase Committee in regard to the purchase of imported stores and commend them for adoption, as far as possible in the case of Defence Stores except for items like arms and ammunition and others which require Government to Government negotiations:

- (i) Tenders should be invited from India.
- (ii) Purchases should be made in India and contracts should be placed as far as possible in Indian currency.
- (iii) Imported stores should be bought through India-based establishments.

III

SELF-SUFFICIENCY IN STORES

A. General

56. The declared policy of the Government of India since 1929 has been to purchase stores required for the public services from indigenous sources. Yet, quite a large proportion of stores required for the defence services is even now being imported from abroad. In respect of Army Ordnance Corps stores, the value of stores imported has also increased in recent years. In addition to the stores purchased abroad some proportion of the stores procured within the country is also of foreign origin.

57. The Committee realise that for certain modern types of arms and ammunition as well as for a number of items of special equipment, the army would have to depend upon imports for some considerable time to come. The technological and industrial progress of the country should, however, enable the army to procure more and more of their requirements from indigenous manufacture. In this connection, the Defence authorities could also actively help and encourage technological and industrial advance by interesting the Indian industrialists as well as the civil production units in the public sector in the manufacture of various items of stores. It is well-known that for a long time, there has been very little co-ordination between the Defence organisation and the civilian life of this country. Defence supplies did not rest squarely on indigenous production, as it should in all independent countries. Conditions during the last war brought to the forefront the imperative need to organise civil, industrial and manufacturing potential for ensuring supplies to the defence force; but little was done to develop permanently such potential in the country. To a very large extent, the civilian needs and the defence needs of a country go hand in hand and the Committee have no doubt that a conscious effort in the right direction by the defence authorities would, while encouraging industrial and manufacturing activity in the country, be a great step towards self-sufficiency in the matter of defence requirements of a large number of items. This is of vital importance as in an emergency, an individual country like India can hardly expect to look for imports to materialise. What the Defence authorities can do in this respect was amply demonstrated during the last war, when, it is understood, the technical staff of the late Directorate General of Munitions Production regularly visited all the factories, big or small, in India not only to estimate their capacities but also to tender advice for developing the production of Defence Stores. The Committee consider that

such a sense of urgency together with initiative and drive on the part of the authorities concerned should exist or be consciously developed and kept at high level at all times, even in normal peace-time. This is particularly necessary in an under-developed and by no means self-sufficient country like ours. They have also discussed the question in so far as A.O.C. stores are concerned in their report on Ordnance Factories.

B. Imported Stores and Raw Materials Screening Committee

58. With a view to ensuring that all demands for stores were properly screened before they were placed abroad, a departmental committee known as the 'Imported Stores Screening Committee' (subsequently named 'Imported Stores and Raw Material Screening Committee') was set up in January, 1949:

- (i) to provide a machinery for a continuous examination of the items of Defence stores so that Government could be advised from time to time as to the stores which should be obtained by import and which from indigenous sources;
- (ii) to take steps for the initiation of production, if possible, of stores which are for the time being obtained from abroad; and
- (iii) to advise on other matters arising from and relevant to (i) and (ii) above.

59. The Committee consists of representatives of the Ministry of Defence, the three service Headquarters, the Ministry of Finance (Defence), the D. G. O. F., the Ministry of Works, Housing and Supply, the D. G. S. & D., and the Development Wing of the Ministry of Heavy Industries.

60. As items of Defence stores run into several lakhs, it was felt even at the initial stage that the Committee could not usefully discuss them in detail and, therefore, a number of Sub-Committees were constituted for the detailed examination of Defence stores and for categorising them into stores to be obtained by import and those to be obtained from indigenous production. Some of the Sub-Committees have been able by now to complete their work as a result of which a Master List consisting of two parts has been published. The first part contains a list of Defence stores for which indigenous production is not likely to be established in the near future and the second part a list of Defence stores for which there is some chance of establishing indigenous production in the near future. Copies of the Master List have been supplied to the D. G., I. S. D., London and the I. S. M., Washington with instructions to entertain indents placed by Defence Indentors direct, for items which are included in the Master List. One of the duties with which the Imported Stores and Raw Materials Screening Committee was charged was to screen items of Defence Stores so that no indent was

placed abroad for which sources of supply could be developed within the country. Judging by the subsequent imports, it can be said that the Screening Committee mentioned above has been able to achieve only partly the objects for which it was set up. This will be clear from the fact that during the period from January 1952 to March, 1953 a total number of 2,945 indents with a value of Rs. 6.83 lakhs was sent abroad for procurement action. On a scrutiny of these indents by the D. G.S. & D., it was found that internal sources of supply existed for as many as 269 indents with a value of Rs. 37 lakhs.

61. The Committee feel that the limitation of the usefulness of the Committee is inherent in its constitution consisting as it does only of Government officials. It is strange that in a Committee charged with the responsibility of locating internal sources of supply or manufacture potential, no representatives of the industry in the private sector have been associated. The Committee have no doubt that if representatives of industrialists and manufacturers had been associated with the Committee, the Committee could have shown far better results than it has been able to achieve so far. The Imported Stores and Raw Materials Screening Committee has recently been replaced by the Defence Production and Supply Committee and the Defence Research and Development Committee of the Defence Production Board. The Committee, however, regret to observe that in spite of the changes recently made no action was taken to include representatives of industrialists and manufacturers etc. in the new Committee.

C. Equipment Committee

62. The Committee feel that the entire problem of the lack of sufficient co-ordination between the indigenous production and the defence requirements in the matter of stores and equipment should be approached and tackled in a different manner and more realistically. It would be profitable, in this connection, to draw from the experience of the Railways in respect of locating indigenous sources for stores. It will be recalled that for this purpose a Railway Equipment Committee was appointed and that its work gave great impetus to the supply of stores from indigenous sources and opened avenues for the production of stores, required by the Railways. The Committee would, therefore, recommend that a similar Equipment Committee for Defence Stores should be appointed to examine the capacity in India for the manufacture of various defence equipments and stores which are at present imported and to suggest ways and means for expanding the existing industries or of setting up new industries for producing these items which cannot at present be manufactured with the existing resources. It is necessary that representatives of industrialists and manufacturers as well as of units in the public sector and non-officials should be associated with the Committee to make it fully effective.

D. Show Rooms

63. In addition to the appointment of the Equipment Committee suggested above, the Committee would recommend that the Defence Ministry should open show-rooms in various industrial centres of the country, where defence stores which are now being imported could be exhibited. The Committee understand that such show-rooms were arranged in Bombay, Calcutta and Delhi, but they were not popular. The reason for this was believed to be their not being located in attractive localities and also the display being poor. The Committee have no doubt that these two facts would be borne in mind by the authorities concerned while opening show-rooms as recommended above. There should further be arrangements for providing at the show-rooms detailed drawings, specifications, particulars about quantity required and such other details as might be of interest to the manufacturers. The existence of these show-rooms should be given wide publicity and manufacturers and industrialists should be invited to visit the show-rooms. The Committee are aware that the Stores Purchase Committee had recommended permanent exhibition in four or five leading centres to exhibit samples, models, drawings, specifications, etc., of the requirements of all the Government departments, which are being imported. They would however, recommend that irrespective of those show-rooms, the Defence authorities should organise their own show-rooms in various industrial centres in the country.

64. The Committee are glad to learn that the Defence authorities are proposing to bring out illustrated brochures giving information about the Defence stores that are imported and which they would desire to be developed for manufacture in the country. They hope that the setting up of show-rooms as suggested above combined with the publication of such brochures would quicken the pace of progress towards self-sufficiency in the matter of Defence stores.

65. Of the lakhs of items of Defence stores, there would be many which might not be of a special or secret nature. Engineering stores of various types, medical and veterinary stores, etc. can possibly meet civilian as well as defence requirements. The Committee notice that at present various common user items like Bicycle bells, cases for clinical thermometers, ceiling fans, ventilating fans, etc., are included under stores which may be imported. They feel that by the measures suggested above it should be possible to locate indigenous sources for a number of such items.

E. Stores vocabulary

66. The Committee understand that one of the difficulties that stand in the way of exploration of indigenous production of defence stores is the defence vocabulary which, it is believed, is not understood by the trade. While admitting this fact, the representatives of the Ministry of Defence explained that the vocabulary itself could not be simplified because it was meant for certain defence purposes

but it might be possible to furnish to the trade what might be called a "translated copy". The Committee feel that there would be thousands of common user items in respect of which the defence vocabulary could be simplified without causing difficulties to the Defence organisation. They would, therefore, recommend that a review of the existing vocabulary of stores might be undertaken with a view to its simplification in as many cases as possible so as to bring it in line with the trade vocabulary. For the rest a "Translated Copy" may be made available to the trade as proposed.

F. Specifications

67. The Committee understand that another difficulty felt by the trade is due to the specifications laid down for defence stores. While they realise that the Defence authorities could not afford to take risks where the operational efficiency and safety are concerned and that consequently stringent specifications would have to be laid down in respect of various items of stores, they understand that certain difficulties were experienced because of the specifications laid down by different departments for more or less the same type of stores being different. It is believed that sometimes two different departments of the same Ministry have different specifications for the same article and that this causes confusion to the indentors as well as the purchasing agency and the suppliers. The Committee feel that a matter which requires immediate attention is the standardisation of specifications. The Indian Standards Institution has no doubt undertaken this work but for various reasons, the number standardised by it so far constitute a very small proportion of the total number of items of stores required for various Government departments. The Committee therefore feel that without waiting for the I.S.I. to lay down standards the departments themselves should, whenever they come across items for which the specifications could be simplified or rationalised, take steps in that direction.

68. The Committee understand that the question of lowering specifications of defence stores, with a view to encouraging indigenous production, had been considered by the Defence Ministry and that it had been decided that so long as the serviceability was not likely to be affected, deviation from the prescribed specifications should normally be allowed subject to financial adjustments. It is also understood that standards are usually laid down nearer to the quality of goods produced by the trade, if serviceability is not likely to be affected thereby. The Committee hope that by acting in accordance with these principles to the maximum extent possible the authorities would make it possible for the indigenous manufacturers to meet more and more of the requirements of Defence stores. The Committee feel that an important consideration which might go far to increase the indigenous procurement was the attitude of the indentors and purchasers towards indigenous manufacture and indigenous products. Owing to the long tradition, among all specially the Defence authorities, there is probably an unconscious

bias in favour of the imported variety of certain types of consumer items. The annual report for 1955-56 of the Ministry of Works, Housing and Supply mentioned that during the year crockery and cutlery for defence services, which were till then imported, were purchased from indigenous sources. It might be pointed out in this connection that indigenous sources for these stores had developed much earlier. A non-official witness who appeared before the Committee said that even for simple items such as salt and pepper containers, intended for the dining table, such elaborate specifications had been prescribed that it became difficult to purchase them in India. The Committee hope that the authorities would make a deliberate effort and succeed in breaking away from the traditions of the past in all such matters.

G. Price Preference

. 69. The D.G.S. & D. has been authorised to allow price preference upto 15 per cent. for indigenous products over imported ones. In special cases, he may even go upto 25 per cent. The Defence authorities are also permitted to allow the same concession while making direct purchase. The Committee feel that this is a very valuable and important concession and should go a long way in assisting indigenous industry. The price preference should be shown in all deserving cases, especially in cases where indigenous industry is in the process of stabilising itself but is not immediately in a position to compete with foreign manufacture. However, where a single firm or a group of firms hold a monopoly, the price preference, as recommended by the Stores Purchase Committee, should be given after ascertaining the cost of manufacture. The Committee feel that by giving an initial price preference and thereby helping to stabilise the industry to progressively forego the concession, until the price preference is finally eliminated. They were told by a private industrialist of repute that this has actually been practised and found successful by many industrialists in the private sector. The Committee feel that if the indentors in the public sector took direct interest in the matter such action would be possible and would impel the indigenous manufacturers to raise their standards and lower their costs.

H. Small Scale & Cottage Industries

70. It was pointed out in the First Five Year Plan that, if carefully employed, the Stores purchase policy could be both a method of encouraging cottage and small scale industries and a means for raising their technical efficiency and improving their organisation. It was stated that the Government had decided that where basic considerations like quality, delivery date, etc. were comparable, the products of cottage and small scale industry would receive preference in the requirements of the Government over the products of other manufactures. Where a cottage industry had established itself as a supplier to Government on competitive terms, orders were required to be placed with cottage and small scale industry to the

fullest extent before orders were given to the large scale industry. In the case of other items, according to the circumstances and merits in each case, a price advantage and suitable relaxation as regards the specifications were to be allowed. Even in advanced countries including the U.S.A. and Japan, small industries form an essential part of the country's economy in supplying not only the Government requirements of stores which they are capable of manufacturing but also in serving as an auxiliary to the larger industries in respect of manufactures and supply of large varieties of components required by the industry. The Committee understand that the policy of encouraging cottage industries has been followed by the Central Purchase Organisation and that the value of purchases made by the D.G.S. & D. from cottage and small scale industries had increased from Rs. 66 lakhs in 1952-53 to Rs. 105 lakhs in 1954-55. They also learn that a list of defence items which the small scale industries had been able to supply successfully in the past at competitive rates, together with the names and the addresses of the suppliers, had been compiled by the Defence Ministry and furnished to the National Small Industries Corporation set up by the Government of India. The Committee feel that efforts should be vigorously pursued by the authorities connected with both central and local purchase to locate more and more sources for supply of defence stores among the small scale industries. They suggest that very close liaison should be maintained with such organisations as the All India Khadi and Village Industries Board, the All India Handloom Board, the All India Handicrafts Board, the Coir Board, etc., which could actively assist the development of production in village and small scale industries of stores required. The Committee feel that if there is a helpful and sympathetic approach, it should be possible to employ better techniques in those industries to ensure that stores of the requisite standards are made available. They have already referred to the fact that during the war a technical team of the Defence department went round the country contacting small scale engineering units and educating them in the necessary technique to produce stores for defence requirements. The Committee recommend that similar active steps should be continuously taken to assist the small industries. In this connection, the Committee are glad to note that a decision had been taken to use Khadi cloth in place of mill-made cloth in respect of certain items e.g., aprons, caps for cooks, dusters, napkins, towels, etc. They hope that it would be possible to find further uses for khadi cloth. They would further recommend that wherever it is decided that khadi is not suitable, the use of handloom cloth should be considered as a second alternative, before finally deciding on the use of mill-made cloth.

I. Tinned Milk Products

71. The Committee understand that tinned milk products of a value of nearly Rs. 43 lakhs are imported from abroad by the Chief Director of Purchase for issue to the defence forces. They were

told that there was no factory manufacturing those items in India, but that recently a factory manufacturing skimmed milk and whole milk powder had gone into production. They understand, however, that the samples furnished by the factory had not yet been found acceptable. The Committee consider that there should be a sympathetic approach to indigenous industry, which should be encouraged to cater to Defence requirements. They understand that the main difficulty was about the keeping quality of the products of the industry which had been newly set up since the prescribed specification for the storage period for the tinned milk product fell short of it. The Committee feel that even if in the initial stages the keeping qualities of the indigenous product were somewhat below standard, it might still be possible to use it by arranging quicker turn over and by ensuring that the supplies from the manufacturers were staggered over different periods of the year. With this encouragement, it might even be possible to enforce gradually stricter specifications. The Committee believe that the advantages to be gained by the establishment of a new industry of that type in the country would warrant such re-adjustments as could be made without detriment to the health of the defence personnel.

J. Medical Stores

72. The Committee find that a large number of items of medical appliances and instruments are at present being imported for defence purposes. Many of them are possibly also required by the Civil hospitals, medical colleges, private hospitals, nursing homes and doctors in the country. The Second Five Year Plan has provided for an increase of about 26 per cent. in medical institutions and about 24 per cent. in the number of beds in the country and it may be expected that the rate of increase would be more accelerated in the years to come. There should, therefore, be a well considered scheme for manufacturing various items of drugs, medical appliances and instruments, as far as possible, in this country. The Committee understand that the D.G.A.F.M.S. is represented on the Medical Stores Development Sub-Committee which is examining this question. It is also understood that specifications and drawings of medical stores and equipment, where available are being supplied to the trade on payment or on loan. Samples of imported items are also being made available to prospective manufacturers. It is further understood that details of requirements of all the imported items have been intimated to indigenous manufacturers. While the Committee hope that these efforts would go a long way in establishing indigenous manufactures, they feel that the usefulness of the Sub-Committee which at present consists only of officials of different departments would be considerably enhanced if representatives of the trade and manufacturing firms were also included in it.

K. M. T. Stores

73. The Committee understand that the Imported Stores and Raw Material Screening Committee decided not to include M. T. Stores

in the list of stores which might be imported. Indents for M. T. Stores which are not procurable within the country will, however, continue to be placed on sources abroad in accordance with the accepted procedure and when indigenous manufacture is established, future demands will be met from within the country. M.T. stores is an item for which there is a continuous demand and new purchases have to be made every year amounting to Rs. 6 to 7 crores. The necessity of having production units in the country so as to manufacture M. T. stores including engines indigenously is, therefore, great particularly in view of their importance to the Defence forces. This is so even in the matter of class 'B' i.e., non-armoured vehicles. The Committee learn that the Premier Automobiles Ltd., Bombay and the Hindustan Motors Ltd., Calcutta, are supplying trucks to the Defence Services, but that the existing units are not capable of fully meeting the requirements of the army as regards M. T. vehicles. They also observe that the Second Five Year Plan contemplates only a relatively small increase in the production of automobiles from 25,000 numbers in 1955-56 to 57,000 numbers in 1960-61 in the private sector and under the National Industrial Development Corporation. The Committee would, therefore, recommend that urgent steps should be taken to explore the possibility of further developing indigenous manufacture in this respect, and also if necessary, of establishing units either in the private sector or in the public sector, to be managed in collaboration with industry. They also understand that the position in respect of class 'A' and other advanced types of M. T. stores such as tanks, armoured vehicles, etc. is particularly unsatisfactory, as the country has to depend on imports for these items. Since these are particularly of importance in modern warfare, the Committee recommend that urgent action should be taken to manufacture them together with their engines in the country.

(L) Other A.O.C. Stores

74. The Ordnance Factories constitute the main indigenous source for various items of A.O.C. stores. But the Ordnance Factories which exist in this country were not designed to serve the needs of an independent country, nor were they organised to equip a modern army. The Committee feel that there is an imperative need for an objective assessment of the situation. As long as it is necessary to maintain armed forces of a certain size in efficient condition, the need to provide them with modern equipment cannot be ignored. To that extent, organization of production of all the basic types of equipment is also absolutely necessary. Therefore, the need for making a comprehensive review of the position and to instal additional production capacity in Ordnance Factories, ancillary industries and other engineering units cannot be overemphasised. The Committee would, therefore, recommend that there should be a phased programme for this purpose. Further reference to the capacity and programme of production in the Ordnance Factories will be made in the report on Ordnance Factories.

(M) Remount Animals

75. Two statements showing the number of Remounts and Farms animals purchased together with their prices etc. are given in Appendices II and III respectively.

76. Before partition, horse breeding was mainly done in areas which are now in West Pakistan and the horses at that time were procured from abroad and bred in the country. The horses thus obtained from abroad were mainly from Australia. There were arrangements to receive these horses from abroad and to acclimatise them and then send them out to the breeding units. Horse breeding was done under two system in those days, one was called the unbound system, under which Government did not give any grant. The individual procured his own mare and the stallion power as well as some veterinary care was given to him. After that, the progeny was procured from him provided he accepted the price offered. The other system was called the bound system under which the Government paid a grant. Here also the individual had to buy his own mare and the Government supplied stallion power. Under this system, Government were bound to purchase the progeny provided it came up to their specifications. It was only after the Government rejected it, that the individual was allowed to sell it.

77. The Committee are glad to learn that the Government have again started the unbound system in some districts like Meerut, Amritsar, Ferozepur, Ambala and Bulandshahr and got 77 horses and 111 mules under this system in 1955-56. Besides this there is another source which, the Committee feel, might be tapped with advantage. Some of the former Rulers of ex-Indian States and Jagirdars were very keen on breeding horses and had all the experience needed for the purpose. It is possible that some of them might still be interested in the pursuit and, given the encouragement, might be able to undertake to breed and supply horses of the requisite type. The Committee recommend that this possibility should be explored and a system should be devised of obtaining their services for breeding good quality horses in India. They believe that it might be possible by taking suitable measures to stop the import of animals from abroad or atleast to reduce it to a great extent.

IV

INSPECTION

78. Whatever the agency of procurement, stores are inspected before acceptance by technicians with a view to ensuring that they confirm to the requisite standards and specifications. The overall responsibility for inspection of stores procured for and on behalf of the Defence Services is that of the Directorate of Technical Development. Certain common user items procured through the D.G.S. & D. are, however, inspected by his Inspection Wing. The D.G. I.S.D., London who handles purchases in the U.K. and the continent of Europe also has an Inspection Wing, similar to that of the D.G.S. & D., for the inspection of stores procured from trade in those countries. As for stores obtained from the U.K. War Office and the U.K. Ministry of Supply on a Government to Government basis, they are inspected by the U.K. authorities. There is no Inspection Wing attached to the I.S.M., Washington. Stores procured from that country are, however, inspected by independent inspection agencies, arrangements for which are made by the I.S.M., Washington.

79. It is of interest to note that inspection of jute, jute goods and timber procured by the D.G.S. & D. for foreign countries or for other civil departments is also carried out by the Defence Inspectorate, because they have well-equipped laboratories for the purpose. A fee of one and half per cent. of the cost of stores is charged for this inspection from foreign Governments and a fee of half a per cent. from others.

80. For carrying out tests and inspection in respect of Defence Stores, the Technical Development Establishment maintains a number of laboratories at Kanpur, Kirkee, Ishapur, Ahmednagar, Dehra Dun, Bangalore and other places. The Committee understand that the laboratories are very well equipped but they do not undertake any non-Defence work. Although they agree that such laboratories should mainly concern themselves with the testing of samples etc. of the Defence Services, they feel that there should not be any bar to their taking work for other Civil Departments since the old tradition of the Civil and Defence Departments working in watertight compartments without any mutual obligations to each other is no longer tenable in the context of the changed circumstances.

81. Many of the Defence stores might be of such nature that even a slight variation from the specifications may lead to serious consequences. It is, therefore, understandable that the responsibility for ensuring that those stores are of the requisite standards is of the Defence Inspectorate. But there are many other items where it might not be strictly necessary that the standards should be checked

by the Defence authorities themselves. In such cases, the Defence department could make a more extensive use of the Central Inspection Agency. This would also enable the T.D.E. to concentrate more on the design and development of new types of stores. In this connection, it is of interest to find that the Stores Purchase Committee had recommended as follows:

"By and large, we consider that arms and ammunition, communication equipment, vehicles, specialised aircraft and naval stores should be left for inspection of the Defence Inspectorate and a considerable proportion of other Defence requirements could be transferred to the Central Inspection Agency. In any case, there is no reason why there should be more than one inspection agency for items placed on Rate/Running contracts."

The Committee would, therefore, recommend that a more flexible system should be adopted. There should be a periodical review to determine the types of stores the inspection of which the Defence Inspectorate should themselves undertake and those which might be left to the inspecting agency of the Central Purchase Organisation. Correspondingly, it should also be ensured that the services of the Defence Inspectorates are available for inspecting stores required by other Departments especially where sufficient capacity for inspection may not be available outside the Defence Inspectorates.

82. The tenders invited by the procuring agency invariably contain a clause to the effect that supply should conform to certain drawings or specifications or samples. Over and above this, other relevant technical particulars are also furnished, where necessary, in order to enable the intending suppliers to know exactly what they are expected to supply. It is against all this information that the suppliers quote their price. Once a quotation has been accepted, it is incumbent on the supplier to supply the stores strictly according to the stipulated drawings and specifications etc. The inspection comes in only to ensure that this has actually been done. The Committee had earlier pointed out that it was believed that rigidity of inspection was one of the reasons for a systematic higher quotation against Defence indents, but in view of what has been stated above, they are not convinced that there is any real basis for this belief.

83. At times, delays in inspections are believed to contribute to delays in receipt of supplies by the indentors. The Committee would suggest that a review of the methods and procedure of inspection may be usefully undertaken by the Technical Directorate. Such a review should be particularly directed towards eliminating all delays, while preserving the standard of inspection. The Committee have already referred to the need to avoid delays in furnishing technical particulars and specifications, for which the Technical Directorate is responsible while placing indents.

84. It may also be examined as part of the review suggested above how far and in respect of which stores cent percent inspection can be relaxed. In this connection, the following recommendations of the Stores Purchase Committee may be borne in mind:

' While there is need for cent per cent inspection in certain classes of stores, we consider that there is a good deal of scope for extending the system of percentage inspection to many more stores which would yield equally satisfactory results. Apart from increasing costs, the system of cent per cent inspection often does not allow the inspection agency to keep pace with the rate of manufacture with the result that production is retarded. Irrespective of the manner and method of inspection and the personnel employed for inspection, a certain proportion of rejections at consignee's end is usual and what is required is to strike a mean between the prohibitive costs of hundred per cent inspection and the quantum of sub-standard supply which may escape detection because of percentage inspection. At present, no list has been prepared of stores suitable for percentage inspection, nor have detailed instructions been issued in regard to the mode of drawing samples. We recommend, therefore, that the Central Inspection Agency, in consultation with the major indentors concerned, should draw up a list of stores for which percentage inspection may be carried out and also prescribe the mode of drawing samples for the guidance of inspectors. Such a list should be reviewed periodically on the experience gained".

V RECEIPT STORAGE AND ISSUE

(A) Receipt & Issue

85. Stores are accepted after they are duly inspected by the competent inspecting authority. Accepted stores are stored in Depots for issue according to the requirements. The procedure regarding the storage and issue of different categories of stores is given below:

A—A.S.C. stores

86—(i) *Central Purchase items excluding P.O.L.*:—Stores purchased are, after inspection, received by Supply Depots direct from trade/Controlled Flour Mills, and stored under proper arrangements in Supply Depots/Supply Points. Issues are made by the Depots to the dependent troops in accordance with their demands and entitlement.

(ii) *P.O.L.*:—Stocks are taken over from the Suppliers by the authorised Contracts Operating Officers either at main ports or at up-country stations, and despatched to the various stations against Army Headquarters issue orders, either for storage or for consumption. P.O.L. are stored either in bulk or in pack, based on the availability of storage facilities in a Depot, and issue to the consuming units on an “as required basis.”

(iii) *Fresh supplies*:—Contractors are required to maintain a stock of firewood and charcoal in military premises at their own risk and expense. Other supplies are stored in A.S.C. Supply Depots or with major units where the former do not exist. Issues are made to dependent troops in accordance with their demands and entitlement.

87. A certain proportion of the A.S.C. Stores is issued either free or on payment to some types of services personnel. Officers are not normally entitled to free rations. They have, however, been authorised issue of free rations as a special case, in the following cases:—

- (a) Officers serving in Jammu and Kashmir;
- (b) Officers employed with troops on road construction in Nepal;
- (c) Officers forming part of the Indian Component of the International Commission for Supervision and Control for Indo-China; and
- (d) Indian contingent of UNEF in Egypt.

Except in the case of (c) above, the Officers are issued the same rations as authorised for troops serving there. In Indo-China, they are normally allowed free messing in hotels.

Junior Commissioned Officers/Other Ranks/Non-Combatants (Enrolled) are authorised free rations wherever they may be serving.

88. The families of officers and soldiers are not provided with rations at Government expense. They are, however, authorised to draw rations on payment, if so desired. The quantity of rations drawn on payment for each adult is restricted to the scale authorised for a soldier. This restriction does not apply to fresh supplies. The overall payment issues are, however, restricted to certain monetary limits which vary in the case of officers and soldiers.

89. The procedure for working out the free and payment issue rates of A.S.C. stores is shown in Appendix IV. The Committee learn that the Government do not suffer any loss on account of the issue of rations on payment to the families of officers and soldiers. The rates are fixed normally every year, but they are revised, if necessary, every month/quarter. The Committee attach great importance to the timely publication of issue rates, as delay in this may result in loss to Government. In this connection, the Committee would also draw attention to the fact that instances of losses on account of delays in revising issue rates in respect of certain stores pertaining to the Navy have been pointed out in the Audit Reports of 1955 and 1956.

90. The Committee understand that there were separate ration scales for the three Services. As for quality, the Navy came first, then the Air Force, and last the Army. The reason is stated to be mainly historical. In this connection, the Committee learn that the medical authorities considered the present scales of rations as unbalanced in certain aspects and had devised what is termed a "Common Ration Scale" for all the three Services. The question of the introduction of the Common Ration Scale is, however, stated to be still under consideration of the Ministry of Defence, even though the defects in the ration scale were first pointed out in March, 1948. The Committee are surprised to learn that even after a lapse of eight years it has not been found possible for the authorities to rectify the defects by introducing a balanced ration scale. They consider this particularly unfortunate as the efficiency of the Defence personnel is bound to be affected by their diet. They, therefore, recommend that a decision on this question should be expedited and a balanced ration scale introduced without any further delay.

91. Certain varieties of foodstuffs are normally maintained as reserves to meet emergencies like a breakdown in the supply of fresh ration articles. These stocks have to be turned over to prevent deterioration, with attendant loss to the Government. Hitherto, 12 issues of vegetables, fruits and potatoes were authorised per annum. The issues have recently been reduced to 6 of vegetables and fruits and 4 of potatoes thereby effecting a recurring saving of Rs. 5.66 lakhs per annum. The Committee appreciate the initiative taken in this matter and suggest that the question of further reduction of reserve may be constantly kept in view.

92. The Army Service Corps is also responsible for supply of rations for the animals (except Farms cattle). The scales of rations for animals, namely, horses, mules, camels and donkeys are fixed on the advice of the Veterinary authorities.

93. Military Farms are responsible for the supply of dry fodder for animals. Until September, 1955, Military Farms did not supply green fodder for animals as they had no surplus of this commodity. Green fodder is, however, now available at a number of Military Farms and the Army Service Corps are accepting it in preference to contractors' Supplies. Animals grains are obtained through the Ministry of Food (Chief Director of Purchase).

94. Military Farms are self-sufficient in respect of fodder required by farm herds. Occasionally grains for farm animals are also raised on military farms, but this is not sufficient to meet the requirements. Indents are, therefore, placed on the Ministry of Food (Chief Director of Purchase).

95. The ration scales for farm animals are fixed on the basis of food constituents of various feeds and body weight of animals to ensure that animals receive sufficient quantities of the various constituents for growth, body maintenance, reproduction and production, and sufficient bulk or dry matter to satisfy the appetite.

B—M. & V. Stores

96. All Medical Stores & Equipment procured against requirements of the D.G.A.F.M.S. are stored in, accounted for and issued from various Medical Storeholding Depots/installations. Normally items other than certain specialised items like X-ray and Blood Transfusion Equipment are issued to units in the command from depots situated in the command area or nearby. The specialised items are stored and issued by certain specified depots. Special arrangements exist for the supply to field units.

C—A.O.C. Stores

97. The Ordnance Stores Depots consist of 3 wings which are designated as Ordnance Depots, Ammunition Depots and Vehicle Depots. These are further divided into different depots according to functions allotted to each. The functions are detailed below :—

- (a) *Central Ordnance Depots.*—Each Central Ordnance Depot is responsible for the assessment of all India requirements in respect of certain specific types of Ordnance Stores except certain important equipment/items, requirements of which are assessed at Army Headquarters. The Central Ordnance Depot receives the stores, for which it is responsible, direct from the suppliers and stocks them for eventual bulk supply to Command Ordnance Depots and also for holding General Staff and special reserve.

- (b) *Command Ordnance Depots.*—These are organised on a regional basis, i.e., one Ordnance Depot per each Command and accordingly they are designated as Command Ordnance Depots. Each Command Ordnance Depot is responsible for making retail issues of all Ordnance Stores to all the units located in their Area of supply. They, therefore, hold all types of Ordnance Stores and their stocks are recouped by obtaining stores in bulk from respective Central Ordnance Depots. Stocks at Command Depots are kept upto a predetermined level for a limited period.
- (c) *Holding Depots.*—In pursuance of a policy of dispersal, Central Ordnance Depot stocks during the last war were held in different parts of the country. The function of these Dispersal Depots was to store such stocks on behalf of the Central Ordnance Depot and to make issues thereof on instructions from Central Ordnance Depot thereby saving in movement of stores and effecting economy in transportation charges. Paucity of covered accommodation in Central Ordnance Depots accounts for the continued existence of certain Holding Depots at present; they also hold General Staff and special reserve.
- (d) *Central Ammunition Depots.*—Provision, storage and distribution of stocks of ammunition and explosives are controlled by Army Headquarters. Central Ammunition Depot is however designed to receive stocks of ammunition and explosives direct from sources of supply and to stock them for eventual bulk issue to Command Ammunition Depots and also to hold General Staff and special reserve.
- (e) *Command Ammunition Depot.*—These are again organised on regional basis on similar lines as Command Ordnance Depots and perform similar functions in respect of ammunition.
- (f) *Vehicle Depots.*—Provision, storage and distribution of stocks of Vehicles is controlled by Army Headquarters. Vehicle Depots are responsible for receiving stocks of Vehicles as ordered by Army Headquarters from different sources and to stock them for eventual issue in accordance with instructions issued by Army Headquarters. Bulk allotment of vehicles is made by Army Headquarters to Command Headquarters and in such cases Command Headquarters become the controlling authority in respect of those vehicles, and the Vehicle Depots act on instructions received from Command Headquarters.

D—Engineer stores

98. Stores are normally received by the S.D.O's. of the Military Engineering Services. Those meant for issue to Units and Works Services are stored in Engineers Stores Depot and Engineer Parks. Those required for maintenance and petty works are stored by the Garrison Engineers in their respective stores. Issues are made on "as required basis" and booked against works/projects. Issues to Units are made against the demands based on authorised scales.

(B) Storage

99. Army Depots are spread out throughout the country. One common feature of these Depots is that most of them are located in temporary buildings or hutments or sheds put up during war days. Many of these structures are even beyond economic repair. This coupled with the fact that no permanent accommodation was constructed during the post war years has resulted in vast quantities of stores lying in the open. The position is particularly unsatisfactory in the case of costly M. T. Vehicles, left behind after the last war. Covered accommodation required to protect these stores from sun and rain is estimated at 2,17,17,263 sq. ft. So far as Engineer stores are concerned about one third is in the open. As for A.S.C. and M. & V. stores, the position is much better, although permanent accommodation available for these categories of stores is very little as compared to their requirements.

100. It appears to the Committee that the paucity of covered accommodation is a major problem facing the Army Stores Depots and in fact also the Depots of the other Services. In one of the depots which the Sub-Committee of the Committee visited, more than sixty per cent of the stores were lying in the open. In another, thousands of vehicles were without covered accommodation. In a third depot, which was, however, to be closed in the near future, almost all the vehicles and costly equipment were either in the open or in the tents. In a fourth depot that the Sub-Committee visited, nearly 25 per cent. of the stores were lying in the open and were found to be deteriorating. In one of the depots, the loss on account of deterioration during 1955-56 was estimated at Rs. 1½ lakhs. This did not include deterioration of spares and parts or of tarpaulins. The deterioration in value of tarpaulins alone was Rs. 80,000 in one year. While the Committee were told that the deterioration of stores was kept to the minimum by the Stores Preservation Organisation, they understood that in a certain depot, where stores were kept in tents, there had occurred recently a heavy loss estimated at about Rs. 12 lakhs, due to rain and storms. The Committee feel that this is a very unsatisfactory position calling for immediate attention.

101. No accurate data have been collected to ascertain the losses that Government have suffered during the post-war years because of the Defence stores lying in the open exposed to sun and

rain but it appears that it might be put at several crores of rupees. The Committee understand that plans spread over a number of years for providing permanent covered accommodation for valuable stores like vehicles, arms, ammunitions, etc., are under consideration. The representatives of the Defence Ministry who gave evidence before the Committee were however not certain whether they would be able to provide similar accommodation for all items of stores in the foreseeable future, in view of the magnitude of the problem. This question, it was explained, was also linked up with the question of the permanent location of the depots and of the extent of the stocks that should be kept, both of which are further linked up with certain other policy questions. Whatever the reasons, the Committee feel that the question had not received the urgent attention that it really deserved. They recommend that the question of the permanent location of depots and of providing permanent accommodation for valuable stores should be tackled on a priority basis and a phased programme spread over a number of years should also be drawn up urgently for providing covered accommodation for various other items of defence stores, which are likely to deteriorate in value or become unserviceable by lying in the open.

102. The Committee notice that while on the one hand there was a pressing need for covered accommodation, on the other hand there was covered accommodation to the extent of over 15 lakhs sq. ft. lying vacant in various depots. Sometimes even in the neighbourhood of depots, stores were lying in the open. The Ministry explained that in the nature of things certain amount of vacant covered accommodation, would always be there because—

- (a) accommodation is earmarked and kept ready in accordance with the delivery dates to the depots of "dues in". If "dues in" are delayed, the accommodation cannot be utilised for other purposes, otherwise most of the time would be spent in moving stocks in and out of sheds,
- (b) from the technical point of view, it is neither wise nor expedient to appropriate covered accommodation, temporarily available, by storing stocks which belong to another sub-depot,
- (c) different types of stores cannot be stored together e.g., paint and oils cannot be stored with gases, and
- (d) the role of particular depots and the manner in which stores are received, organised and kept in depots are such that some amount of vacant accommodation is almost unavoidable. For example, in a Depot, designed to hold stocks of signal, wireless, scientific and engineer equipment, etc., in bulk, the stocks are split up category-wise (e.g., signal equipment in one sub-depot, engineer equipment in another, etc.) and stored in various sub-depots. In each depot, the stores are further sub-allotted to different sheds according to their

nature and the quantity to be held. It is neither possible nor advisable to mix various types and categories of stores, if efficient working is to be achieved.

103. While the Committee do not wish to make any comments on these aspects of the problem, they recommend that a special review may be made not only in respect of each individual depot, but also of the overall position in all the depots to determine to what extent available accommodation can be put to the best use. It might be mentioned in this connection that it appeared to the Sub-Committee at one depot which they visited that by the use of small cranes and other handling devices, stocking could be done to a greater height thereby increasing the usable volume of covered space. The Committee consider that all cases of vehicles, stores etc. lying in the open when in fact covered accommodation was available in the neighbourhood should be looked into and sufficient steps taken to remedy the situation by undertaking a review as suggested above.

(C) Extent of Holdings

104. As mentioned earlier, the problem of covered accommodation for stores is also linked up with the extent of stock to be held by the Depots. At the end of the last war, the Defence authorities were left with large quantities of stores, much of which has since been disposed of. Even then the holdings are quite large and perhaps far in excess of the requirements. The representatives of the Ministry admitted that there was a tendency to hold on to everything in the belief that they would be useful sometime in the future provided they were not of perishable nature. The Committee understand that there is a continuous process of review to determine the holdings of different stores *vis-a-vis* the actual requirements of the Defence Services. It was explained that the process has to be continuous because the demands changed and the need for items also changed. The Committee do not, however, consider the present situation by any means satisfactory. During their study tour, they noticed in the Depots large numbers of unfit and unserviceable vehicles kept in the open, undergoing further deterioration in their value. There might possibly be other stores which had either outlived their utility or been over stocked. The Committee do not feel convinced that the normal processes of continuous review would effectively meet such a situation.

105. The Committee would, in this connection, refer to the fact that the Railways Stores Enquiry Committee while examining the stock position in the various Railway Stores Depots, found that some items of stores were stocked in such huge quantities as to meet the requirement for 100 to 200 years. They also noticed that while some Railways were carrying excessive stocks of certain items, others were starving for them. The usual continuous process of review which was also provided for in the procedures laid down in the Railways did not bring out the startling state of affairs that the Railways Stores

Enquiry Committee noticed. The Committee, therefore, recommend that instead of depending on the normal processes to eliminate the excess stock carried by the Depots, the Government should appoint a Committee to look into the matter. It should include non-officials of standing with business experience, as well as officials from the civil Departments or the Railways besides officers of the Defence authorities. The Committee would suggest that advantage should be taken of the appointment of such a Committee to refer to it certain other matters relating to Defence Stores, of which reference is made later in this report.

D. Security and Discipline

106. During the visits of the Sub-Committee of the Committee to the various depots, they understood that there had been instances where some individuals were found in suspicious circumstances in the precincts of the Depots and were handed over to the Police. They were tried by the Civil Magistrates and awarded ridiculously low punishments. The Committee feel that this raises an important question of security, as much would depend on the motive of the miscreant *e.g.*, it could be either theft or even sabotage. The Committee would recommend that the matter should be carefully examined by the Government with a view to seeing if sufficient powers could be given to the Defence authorities in the station to deal with such cases. It is possible that deterrent action in a few cases may have generally a salutary effect on all such cases, besides also minimising petty thefts, pilferage, etc.

107. In this connection, the Committee also considered the question of the discipline of civilian personnel serving in military installations. They feel that any deterioration in discipline among the civilian personnel working in the Depots may have serious consequences. The Committee recommend that the Government should consider the matter carefully and take necessary steps to bring the civilian personnel under proper discipline. In this connection, reference is invited to para. 48 of the Committee's Fifty-fifth Report on Ordnance Factories—Staff Matters and Training.

(E) Losses

108. A statement showing the quantities of foodstuffs declared unfit for human consumption during the past five years and the value thereof is given below:—

Year						Total quantity declared unfit for human consumption	Total value
						Tons	Rs.
1951-52	.	.	.	.	.	59 1/2	1,17,350
1952-53	.	.	.	.	.	40 1/4	71,668
1953-54	.	.	.	.	.	20 3/4	39,013
1954-55	.	.	.	.	.	92 1/4	38,433
1955-56	.	.	.	.	.	29 1/2	46,460

109. The following are stated to be the circumstances under which foodstuffs as shown in the foregoing paragraph became unfit for human consumption:

- (a) Deterioration due to long storage; blown/bulged/nail punctured tins.
- (b) Presence of sievings of atta.
- (c) Unconsumed voyage rations brought back by troops from Korea.
- (d) Damage in transit/air dropping in operations in NEFA.
- (e) Gone bad within warranty period for which compensation claimed from the suppliers.

110. Some of the circumstances leading to the deterioration of foodstuffs are undoubtedly of a temporary nature and are, to some extent, not within the control of the authorities. However, the Committee feel that the recurrence of losses of large quantities of foodstuffs indicate that the storage conditions, the period of shortage, the quality of foodgrains, etc. may also account for losses to a considerable extent. The Committee consider that it should be possible for the authorities to whom all modern techniques of food preservation are available, to minimise, if not completely eliminate, the losses due to such reasons, by devoting more attention to the problem.

111. Loss incurred as a result of deterioration of medical stores during the last five years is given below:

Year	Loss due to deterioration	
	Rs.	
1951-52	2,62,698	
1952-53	99,685	
1953-54	27,439	
1954-55	13,558	
1955-56	74,670	

112. The Ministry of Defence have explained that the above losses were mainly due to deterioration of stock over-provisioned during the war. After the cessation of hostilities these were returned to the Depots. Huge quantities had thus accumulated which could not be consumed and in consequence they deteriorated through passage of time. The Committee realise that over-provisioning of stores was inevitable during the war. But during the years that followed, it should have been possible to reduce the stock to peace time requirements and also to get rid of stocks that were likely to

deteriorate. The Committee, therefore, urge that the provision review of M. & V. stores should be conducted on a more realistic basis so as to leave no scope for over-provisioning or stocking for periods in excess of the life of the stores.

113. The value of A.O.C. Stores written off during the period 1951-52 to 1954-55 is as follows:—

	Rs.
1951-52	1,90,23,811
1952-53	2,04,85,597
1953-54	2,85,97,285
1954-55	1,79 34,211

The value includes amounts written off on account of deficiencies in stock revealed at the time of stock verification and also losses due to deterioration. A small percentage of losses is also due to theft, fraud and fire. Excluding the amounts written off on account of deficiencies noticed during the stock verification, the figures representing losses due to deterioration, etc., are as follows:—

	Rs.
1951-52	27,76,502
1952-53	91,85,233
1953-54	1,76,36,831
1954-55	79,20,733

It was mentioned that the deterioration was due to lack of care and preservation, consequent on shortage of manpower as also due to defective storage on account of lack of covered accommodation. The Committee were also informed that a major portion of the losses was due to conditions prevailing in the various Ordnance Installations subsequent to the last war, partition of the country and operations in Jammu and Kashmir. The Ministry have explained that these losses did not relate exclusively to that particular period but pertained to a number of years in the past and were ascertained as a result of the re-organisation of the Depots and written off during the said period and accounted for accordingly. Another reason for the losses was on account of ammunition, etc., which had definite storage periods.

114. The Committee feel concerned, however, about the extent of the losses that took place and about the main recurring cause for the deterioration of stores continuing to exist. They feel that the deterioration due to defective storage accommodation, unsatisfactory arrangements and lack of care and preservation would be considerable. They would suggest that the losses, suffered on account of such reasons, should be analysed and early action should be taken to remedy the defects.

VI

VERIFICATION OF STORES

115. Stores when received in the Depots are checked in respect of quantities before they are actually taken on stock. In respect of A.S.C. stores like foodgrains, the bags are examined to see whether they are damaged or show signs of having been tampered with. From the undamaged bags, a percentage is taken and weighed. If discrepancy between the actual weight and the invoiced weight is over $1\frac{1}{2}$ per cent. the whole consignment is weighed. In respect of A.O.C. Stores, if stores are contained in packages like original bales, cases, drums etc. only a percentage check is exercised unless there are signs of tampering. The contents of the unopened standard packages are verified when they are eventually opened for issue or other purposes. Otherwise, generally, the stores are verified as soon as possible after receipt.

116. The regulations also provide for a periodical verification of stores by means of which stores are physically checked and the actual balances verified with the book balances. The detailed procedure adopted for such periodical verification of stores varies with the types of stores.

117. In respect of A.S.C. Stores, the ground balances are verified once every month. The verification is a continuous process and a few items are checked daily. In respect of M. & V. stores, a 100 per cent. verification is carried out each year. Engineering stores are also subject to a 100 per cent. stock verification annually. The frequency of this check is staggered so as to ensure that at least 25 per cent. is completed in each quarter. The stock taking of all Ordnance Stores is required to be carried out at least once annually. Every item has to be verified during each stock-taking cycle. In the case of items which are in packages, every package is not opened. A minimum of one in every stack is opened and checked for quantity and condition. If any discrepancy is found five more packages are opened from the stock. If these five packages reveal further discrepancies, the whole stack is examined.

118. The results of the stock verification of A.O.C. Stores, conducted in the manner stated above, during the last five years are given below:—

	1951-52	1952-53	1953-54	1954-55	1955-56
(a) Total number of discrepancies revealed on stock verification.	53,324	49,878	24,799	56,906	38,329
	Rs.	Rs.	Rs.	Rs.	Rs.
(b) Total amount written off on deficiencies revealed.	100,19,288	95,46,199	48,02,266	62,26,264	36,25,462
(c) Total amount brought on charge on surpluses revealed.	79,28,858	105,76,570	51,12,810	71,50,303	64,68,051

119. The Committee consider the position revealed by these figures as very unsatisfactory. They find that the rules provided for stocks of all items on charge to be verified at least once in two years, but every endeavour was to be made to verify them 100 per cent. annually. Compulsory annual verification of certain items like arms, ammunition, explosives, valuable or attractive stores, etc. was also provided for. However, in the post-war period, the position of stores accounting and stock verification has been very unsatisfactory. This was adversely commented upon repeatedly in the Audit Reports and by the Public Accounts Committee. As a remedial measure, a major reorganisation programme was introduced in the Central Ordnance Depots in June 1950. Under the programme which was completed in 1954, all doubtful packages (packages of which the contents had not been verified in the past) were opened for purposes of identifying, checking, preserving and repacking their contents. Regular stock taking was to be carried out in the normal way except that in the case of certain Depots, stock taking was to be restricted to the re-organised items only. The Committee regret to observe, however, that in spite of the reorganisation, there has been no improvement in the results of stock-verification, as may be seen from the following figures relating to a certain Ordnance Depot.

Year	Surplus	Deficiencies
1951-52	15,25,879	3,22,478
1951-52	3,49,137	3,82,055
1952-53	9,26,528	6,35,646
<i>After re-organisation</i>		
1953-54	35,30,658	31,89,612
1954-55	26,13,517	54,51,469

120. The Committee observe that the Public Accounts Committee (1953-54) in their Ninth Report pointed out that it was imperative that the stores accounts should be improved and brought on an entirely correct basis and that satisfactory arrangements should be made to maintain correct stock accounts and to conduct necessary stock verification. It was considered essential by that Committee that adequate and sufficient man power should be employed for the administration of stores and the maintenance of satisfactory accounts. In their reply, the Ministry remarked that necessary instructions had been issued to the Branches of the Defence Services and with the increase of about 4,000 personnel sanctioned for the reorganisation scheme, it was expected that stores accounts would be satisfactorily maintained. However, as pointed out earlier, the position is still far from satisfactory. In fact, in the Audit Report,

Defence Services, 1956, surpluses to the extent of Rs. 59,08,881 and deficiencies to the extent of Rs. 59,13,463 involving discrepancies in respect of 47,671 items, have been pointed out. The Committee feel that the effectiveness of the instructions, the detailed procedure, the service of the additional staff and of the supervisory control can only be judged by the results achieved. As, however, the matter is being dealt with by the Public Accounts Committee and is likely to come up before that Committee again when they take up for discussion the Audit Report of 1956, the Committee do not desire to comment further on this subject. They believe, however, that the Stores Enquiry Committee, the appointment of which they have recommended earlier, should examine this question further so as to pin point the lacunae in the existing procedure which are responsible for the huge discrepancy noticed during stock verification. In this connection, the Committee understand that all Railway stores whether in a Stores Depot or with a Department are verified at periodical intervals by the Stock Verifiers of the Accounts Department. This enables verification being considered by an agency independent of that charged with the responsibility for maintaining stores. The Committee suggest that the feasibility of introducing a similar procedure in respect of the verification of Defence stores may also be examined.

VII DISPOSALS

(A) General

121. After the first World War, a Disposals Cell was established and attached to the late Contracts Directorate in the Army Headquarters. This Cell was responsible for the disposal of all Defence surplus stores. Surplus stores in those days were not considerable, the average annual realisation from sale of Defence surpluses being of the order of Rs. 30 lakhs. The Cell could, therefore manage the disposals work without difficulty. Later during the Second World War, the Cell was wound up along with the Contracts Directorate as the disposal of surplus stores was completely stopped, emphasis having been shifted to re-utilisation of surpluses to meet the emergency. The position, however, changed with the termination of war when Defence stores worth crores of rupees became available for disposal. The surpluses held on behalf of the U.K. and U.S.A. Governments were also acquired and the total value of surpluses for disposal was of the order of Rs. 500 crores. It was realised that the Defence authorities could not themselves undertake the disposal of such large quantities of stores and accordingly a Central Disposals Organisation under the Ministry of Industry & Supply was set up. The organisation now functions under the Director General, Supplies and Disposals.

122. According to the existing procedure, surplus stores of a single category whose book value is over Rs. 5,000 are to be declared to the D.G.S. & D. for disposal. Surplus stores upto a book value of Rs. 5,000 are, however, disposed of departmentally. A statement showing the value of Defence stores declared surplus during the last five years is given below :

(In thousands of rupees)

Year	A.S.C. Stores excluding animals	M. & V. stores	A.O.C. stores	Engineer stores
1951-52	Not available	51,06	9,24,06	1,89,20
1952-53	9,34	35,81	3,32,53	1,62,51
1953-54	38,68	14,90	23,02,55	1,05,97
1954-55	23,86	21,53	15,58,61	2,83,46
1955-56	63,37	7,30	12,59,84	1,16,91

(B) Central Disposals Organisation

123. As mentioned earlier surplus stores of value exceeding Rs. 5,000 are to be declared to the D.G.S. & D. for disposal. The book value of the stores declared surplus to the D.G.S. & D. by the Defence authorities but awaiting disposal on the 1st April, 1956 together with the year-wise break up of the value of such undisposed of stores is given below :—

(In lakhs of rupees)

Year of declaration	Book value of stores awaiting disposal on 1st April, 1956.
1953	5
1954	10
1955	759
1956	506
Total book value of the stores outstanding on 1 4/1956	1280

At the beginning of the financial year 1955-56, surplus stores of the book value of Rs. 21.44 crores were available for disposal. During the year, stores of the book value of Rs. 12.70 crores were received and surplus stores of the book value of Rs. 21.34 crores were disposed of thereby leaving a balance of stores of the book value of Rs. 12.80 crores for disposal at the close of the financial year 1955-56.

124. The Stores Purchase Committee attached great importance to speedy disposal of stores to relieve congestion in the covered accommodation with the stock holding departments. They rightly concluded that any delay in disposal would mean further deterioration of stocks and difficulty in housing new stores. The Committee are glad to understand that the delays in disposals have been cut down to a considerable extent in recent years. The figures given above would also indicate that delays in disposals by the organisation of the D.G.S. & D. are much less than is generally believed.

125. The Stores Purchase Committee considered the question of decentralising disposals work and transferring the responsibility for disposal to the stock holding departments. They observed that a major portion of the stores disposed of through the Central Organisation belong to the Defence Ministry. They considered that after a period of four to five years when the volume of Defence surpluses was expected to fall, steps should be taken to decentralise the disposal activities entrusting the work to the respective stock holding Ministries or Departments. The representatives of the Defence

Ministry were, however, of the view that, by and large, disposals through the D.G.S. & D. were better and they, therefore, did not favour the idea of taking upon themselves the work that is now being done by the D.G.S. & D. The Committee are also doubtful whether the annual disposals would, even after a period of four or five years, fall to the pre-war level. If the volume of surpluses available for disposal is large, it may not be convenient for the Defence authorities to attend to their disposals. Also utilisation of surpluses against Government demands by means of consultation among other Government Departments, diversion to priority indentors and screening of fresh indents received in the Central Purchase Organisation with reference to the surpluses available, could be better assured if disposals are affected through a central disposal organisation. While, therefore, the Committee do not desire to make any definite recommendation, they would suggest that these factors should be given careful consideration before any final decision is taken to transfer the work of the disposal of surplus Defence stores to the Defence authorities.

(C) Sale values

126. The net book value of surplus and obsolete A.O.C. Stores disposed of and the net sale value of those stores are shown in the following statement.

(In crores of rupees)

Year	Book Value	Sale Value
1951-52	14.27	4.64
1952-53	6.09	1.79
1953-54	7.46	2.21
1954-55	18.52	4.23
1955-56	22.20	4.62

127. It is seen that the value realised is about 25 per cent of the book value of the stores. The value realised in respect of A.S.C. Stores is also seen to be about 35 per cent. of the book value. But the Committee observe that in respect of Medical and Veterinary Stores, the sale value is on an average about 13.8 per cent. of the book value. The figures are given below :

Year	Book Value	Sale Value
	Rs.	Rs.
1951	46,46,444	7,17,795
1952	23,68,849	2,54,038
1953	17,29,535	2,56,126
1954	29,61,238	3,67,581
1955	11,01,841	1,66,025

128. The Committee were informed that most of these stores were purchased during the war and many of them were used articles. Some were also in a "repairable" condition. For these reasons, it was explained, the sale price did not come up very much in auction. The Committee feel, however, that the matter requires further investigation.

129. The Committee understand that Medical Stores are kept as long as possible and are periodically tested. Those that have completely deteriorated are destroyed. Others declared surplus are sold in the civilian market only if they have got a life of nine months according to the Inspection authorities. The Committee were assured that after the stores were declared surplus, it did not take more than three months before they got into the civilian market. The Committee feel that it should be investigated whether the low realisation on sales is to any extent due to the very short life left in the drugs when they are disposed of and if so whether by taking earlier action to survey the stock and by disposing them of when a little more life is left in them, the price obtained could be appreciably improved.

130. The Committee, in this connection, also stress the need to review the effectiveness of the measures taken to prevent the re-sale of these surplus drugs for civilian consumption after the expiry of their life.

(D) Review Boards

131. In respect of the Engineer stores, it is understood, that besides the usual review of surpluses, there had also been reviews by departmental Review Boards, constituted to examine the holdings of engineer stores and to suggest the items and quantities which may be declared as surplus. The Committee were informed that as a result of a review the surpluses were ascertained upto 1953 and almost all of them were disposed of. It is, however, estimated that of the present balance only a third will represent emergency reserves and the balance would amount to nearly ten times the annual consumption and, therefore, a good part of it may be considered as surplus. The Review Board that is now working is expected to finish its work in 1957. The Committee understand that as soon as the surpluses are ascertained, action will be taken to reduce the stock further.

132. In this connection, the Committee examined the question whether it is necessary that the Boards, which survey periodically the stores to determine whether they are serviceable and whether there are any surpluses, should be constituted of officers of the services only or whether officers in the Civil Departments and non-officials could also be appointed to such Boards. The representatives of the Ministry as well as the Defence Service Officers strongly held the view that there was neither any necessity for nor any advantage in associating such persons on the Boards. The Committee feel, however, that it would be a healthy practice to associate with such bodies,

except in relation to such matters as are of top secret nature, persons in the civil life of the country who have special knowledge in the subjects under consideration or allied subjects. They feel convinced that such association would strengthen the hands of the Defence Services Officers responsible for the decision, and while it would not affect the ultimate responsibility, it would ensure the availability of independent advice. The Committee realise that there could be secret matters, which could not be made public to outsiders. But they are also aware that a tradition has grown of treating the affairs relating to the defence of the country as an exclusive preserve of the Defence authorities only without encouraging contacts with persons in the civil life of the country. They, therefore, feel that a beginning must be made by deliberately thinking and planning in a way different from the past traditions. They consider that this is a matter in which such contracts could take place without endangering the security of the country. They, therefore, recommend that it should be carefully considered in what manner, it could be provided for to include in such Boards civilian officers of the Central or State Governments and non-officials having the requisite knowledge and in whom trust could be reposed for discharging such work conscientiously.

(E) Delays

133. The Committee have already referred to the possibility that a considerable amount of stores that might have either become surplus or outlived their utility, with reference to the present day needs, might perhaps be still held in the Depots. It is too well-known that there have been delays in assessing the surpluses. The representatives of the Ministry also stated that sometimes it took considerable time to decide whether the item could be used or not. At times, the delay could also be due to proposals for variation of the size and the number of the units of Armed Forces being under consideration. The Committee would only refer to the instance which they have mentioned already of a number of army vehicles continuing to deteriorate in value because of the delay in taking a decision regarding which of them are to be declared as unserviceable. The absence of a decision in this respect has obviously stood in the way of their being declared to the D.G.S. & D. for disposal or alternatively of a programme being drawn up for their repair. The Committee consider this as very unsatisfactory and recommend that such cases should be dealt with expeditiously.

VIII MISCELLANEOUS

134. As observed at the beginning of this Report, the expenditure on stores accounts for nearly 33 per cent. of the total expenditure on Defence. The number of items are also very large and the problems relating to their purchase, storage, issue, replenishment, etc. are diverse in character. While the magnitude of the problem is very great, its examination by the present Committee formed only a portion of this work undertaken by them for the current year. The Committee have, therefore, looked at the matter only in its general aspects and have not gone into various details. However, as a result of the examination, they feel that the matter deserves close, careful and detailed scrutiny.

135. The Committee understand that recently, as a result of a departmental scrutiny, a reorganisation in respect of certain matters has taken place and economies amounting to nearly Rs. 8½ crores have been effected. A scrutiny of the items on account of which such economies have been effected reveals how attention to details of procedure could result in such large-scale economies. A recurring saving of Rs. 31.25 lakhs has been effected in respect of handling charges on petrol, by making the A.S.C. personnel handle the commodity instead of asking the trade to do it. Similarly, by reducing the demand of jerricans, a recurring saving of Rs. 50 lakhs has been effected. Attention to certain detailed procedures in respect of supplies and transport has resulted in a recurring saving of about Rs. 39.5 lakhs. The Committee note with satisfaction that an effort has been made in the right direction by eliminating wasteful methods and by observing economy, thereby making funds available for better use. They hope that every Depot and Unit would work towards similar objectives.

136. The Committee, however, believe that while, on the one hand, a close attention to detailed methods is necessary, on the other hand, there should also be a thorough examination of the entire stores organisation. They have earlier referred to the problem of excess stocks in depots. They have pointed out how huge discrepancies noticed during stores verification indicate that the Stores accounting is unsatisfactory. The administrative control and organisational set up in the Depots would also deserve a closer examination. It would also be necessary to examine possible sources of leakage, wastage and corruption in the stores organisation. The adequacy of the present regulations and the extent to which they are actually followed would also require an examination. For such purposes, the Committee would recommend that Defence Stores Enquiry Committee as mentioned earlier, in the Report should be

set up. As already recommended, the Committee should include non-officials and officials of the Civil or Railway Departments. The Committee should be enabled to go into the details of all these matters. In view of the fact that any improvement that could be achieved in the efficiency of the Defence stores organisation would, while strengthening the defence of the country, also result in considerable economy, the Committee attach great importance to the appointment of such a Committee and its work.

BALVANTRAY G. MEHTA,

Chairman, Estimates Committee.

NEW DELHI ;

The 22nd March 1957

APPENDIX I

(Vide para 30)

Statement showing the financial powers for sanctioning contracts and local informal agreements

Contracts are concluded on Command/Area/Sub Area basis on tender system. Financial powers for sanctioning of these contracts are vested in various formation Commanders as shown below:—

Nature of contract	Executive Officer	Period	Value up to	Sanctioning Officer
Station/Sub Area/ Brigade Area.	Deputy Assistant Director of Supplies and Transport Sub Area/Brigade Area.	One Year	One Lakh	Sub Area/Brigade Area Commander.
Area/Division/Independent Sub Area/Independent Brigade Group.	Commander Army Service Division, Deputy Assistant Director of Supplies and transport, Independent Sub Area/Brigade Group	One Year	Three Lakhs	Area/Division Commander, Independent Sub Area/ Brigade Group Commander.
Command	Brigadier Army Service Corps Command.	Three Years	Five Lakhs	Army Commander.

2. Contracts beyond the financial powers of the Army Commanders are sanctioned by the Quartermaster General in consultation with his financial advisers, as follows:—

(a) Upto rupees 16 lakhs.

(b) Exceeding rupees 16 lakhs and for period beyond 3 years, with the approval of the Ministry of Defence.

3. Contracts are normally concluded on yearly/half yearly basis as advantageous to the State and are subject to pre-scrutiny by the accounts authorities.

4. Informal Agreements

These agreements are concluded in cases of emergency, or when conclusion of a regular contract is either not feasible or is uneconomical.

5. The maximum period for which an Informal Agreement is concluded is 3 months.

6. The value of an Informal Agreement should not normally exceed rupees 1 lakh and the financial powers vested in the various commanders for sanctioning these agreements are as follows:—

Brigade/Sub Commander . . upto Rs. 40,000

Area/Division/Independent	
Sub Area Commander	.. upto Rs. 60,000
Army Commander	.. upto Rs. 1,00,000
Quartermaster General	.. upto Rs. 1,00,000

7. The main difference between a contract and an informal agreement is that whereas the former is subject to pre and post scrutiny by the audit authorities, the latter is subject to post scrutiny only.

APPENDIX II

(Vide para 75)

Statement showing the number of Remounts animals purchased during the last five years.

Year	Type of animal	Nos. purchased	Price per head	Supplying country
1951-52 .	Rides A/B . . .	11	1026	India
	Mules Gs . . .	64	625	"
	Bullock . . .	1	600	"
	Camels . . .	45	649	"
	YS Horses . . .	65	513	"
	YS Mules . . .	68	438	"
	Rides A/B . . .	23	1710	Australia
1952-53 .	Rides A/B . . .	34	1060	India
	Mules Gs . . .	40	694	"
	Bullocks . . .	31	626	"
	Camels . . .	106	569	"
	YS Horses . . .	77	477	"
	YS Mules . . .	87	450	"
	Horse Stallions . . .	6	8524	U.K.
	Rides A/B . . .	189	1879	Australia
1953-54 .	Rides A/B . . .	4	788	India
	Mules Gs . . .	5	640	"
	Bullocks . . .	47	624	"
	Camels . . .	90	548	"
	YS Horses . . .	90	475	"
	YS Mules . . .	95	463	"
	Rides A/B . . .	245	2339	Australia
	Donkey Stallions . . .	10	4177	U.S.A.
	Donkey Stallions . . .	9	2077	France
	M. A. Mules . . .	148	1972	"
1954-55 .	Bullocks . . .	16	633	India
	YS Horses . . .	95	447	"
	YS Mules . . .	122	437	"
	Horse Stallion . . .	1	1000	"
1955-56 .	Bullocks . . .	19	541	India
	Camels . . .	142	595	"
	YS Horses . . .	77	472	"
	YS Mules . . .	111	442	"

APPENDIX III

(Vide para 75)

Statement showing the number of Farms animals purchased during the last five years

	1951-52	1952-53	1953-54	1954-55	1955-56
Fresion heifers . . .	4*	..	..	..	..
Fresion bull . . .	4*	..	..	..	..
Cows	55	40	32	38	7
Cow bulls	1	..	..	..	1
Bullocks	309	72	115	141	149
Bulf	546	326	239	146	340
Bulf bulls . . . .	..	..	..	1	1
Horses/Ponies/Mules .	16	18	26	10	18
Total amount spent	Rs. 6,39,580*	3,21,935	2,69,315	2,23,817	3,52,150

*This includes Rs. 31,521 spent on the purchase of 4 Fresion heifers and 4 Fresion bulls from Holland.

Note: All the above purchases were done in India except the purchase of 8 Fresion animals in 1951-52.

APPENDIX IV

(*Vide* para 89)

Procedure for working out the free and payment issue rates

A. PROCEDURE FOR WORKING OUT OF THE FREE AND PAYMENT ISSUE OF ARMY SERVICE CORPS STORES PURCHASED CENTRALLY.

1. *Free Issue Rates*

The rates will include the following charges:—

- (1) Average weighted price at which the articles are purchased.
- (2) Sea freight, Marine Insurance and landing charges, if any.
- (3) Customs or "Excise duty" at rates prescribed in Customs Tariff on total (1) and (2) above.
- (4) Sales-tax including Agents' Commission.
- (5) Crushing or grinding charges.
- (6) Purchasing agency charges on (1) above (including Sales-Tax) at the following Scales:—

(A) *Directorate General of Supplies & Disposals.*

For purchase	0·5%
For inspection	0·5%
<i>For foreign indentors</i>	
Purchase	1·5%
Inspection	1·5%

(B) *India Stores Department, London*

For purchase	0·5%
For inspection	0·5%
For shipping	0·5%

(C) *India Supply Mission, Washington*

For purchase and shipping	1%
For inspection	At actuals.

(D) *Ministry of Food & Agriculture.*

Purchasing Agency charges where necessary	1.0%
---	------

Note: (a) The rates will be exclusive of cost of all packing materials, special or ordinary.

Note: (b) The rates worked out as above will be simplified as follows:—

- (i) Upto Rs. 10/- To the nearest anna
- (ii) Above Rs. 10/- To the nearest four annas and upto Rs. 20/-
- (iii) Above Rs. 20/- To the nearest rupee and upto Rs. 100/-
- (iv) Above Rs. 100/- To the nearest five rupees and upto Rs. 200/-
- (v) Above Rs. 200/- To the nearest ten rupees.

2. PAYMENT ISSUE RATES

These rates will include the following charges:—

- (1) Free issue rates as worked out at 'A' above before simplification vide Note (b) thereof.
- (2) 20 per cent. on (1) above on account of over-head charges except for atta/rice in which case the overhead charges will be taken at 10 per cent.
- (3) Rs. 1/8/- per 10 pound on account of transportation charges by rail and road (by government Mechanical Transport as district from Hired road transport) from the original source of supply to units' ration stands/Detail Issue Depots except in the case of coal and coke and Aviation Gasoline.
- (4) In the case of coal and coke Re. -/8/- per 100 pounds to cover transportation charges by road will be added to the freight charges payable for the transportation of coal and coke and Patent fuel by rail.
- (5) In the case of Aviation Gasoline Re. -/5/- per gallon will be added to cover transportation charges.

Note: These rates will be simplified to the nearest anna.

B. PROCEDURE FOR WORKING OUT THE FREE AND PAYMENT ISSUE RATES OF ARMY SERVICE CORPS STORES PURCHASE LOCALLY.

1. Free Issue Rates

These are published annually by Controllers of Defence Accounts. The rates are calculated with reference to running contracts or if contracts do not exist, with reference to the average of the latest purchase rates prevailing in the Area or Command, as the case may be. No addition to free issue rates are made on account of departmental charges. The rates once fixed are not ordinarily changed during the course of the year.

2. Payment Issue Rates

These are worked out annually (for each station) on the basis of the running contract rates as soon as such rates are available and are

published annually in area/Independent Sub Area/Brigade/Brigade Group orders. The rates are revised in cases where there is a change in the running contracts and the revised rates are also notified in Area/Independent Sub Area/Brigade/Brigade Group orders. The revised rates take effect from the first of the month following that in which they are notified.

Departmental charges levied by the Controllers of Defence Accounts to arrive at these rates vary from Command to Command.

APPENDIX—V

Statement showing the Summary of Conclusions/Recommendations

S. No.	Ref. to para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	13	The Committee suggest that the question of the adequacy and effectiveness of the present system of Provision Review and the extent to which the system is followed in actual practice should also be referred to the Committee, recommended for appointment in para 105 of the Report, for a comprehensive enquiry.
2	38	The Committee recommend that there should be a periodical review of the exercise of the powers of local purchase by various authorities.
3	41	The Committee recommend that the nature of delays in the supply of Defence Stores procured through the DGS&D as well as their reasons should be carefully examined at an early date and if they could be minimised by posting Regional Army Liaison Officers, steps should be taken to post such additional Liaison Officers.
4	42	The Committee recommend that it should be made the responsibility of the indenting department to obtain all necessary particulars from the Technical Directorate and to place the indent on the D.G. S. & D. in a complete form.
5	43	The Committee feel that there might be certain types of stores where the central purchasing organisation might not be very helpful. They recommend that a review may be made of such stores and they may be included wherever possible under direct purchase items.

I

2

3

- 6 45 The Committee do not consider that there is any danger in giving discretion to the D. G. S. & D. to accept market prices in the case of stores as have not been purchased during the last 3 or 4 years and the prices of which might have gone up very high, since he is in touch with the market and places orders only after ascertaining competitive prices.
- The Committee recommend that the consignees should take very prompt action regarding the furnishing of necessary certificates to enable payments to be made without delay.
- 48 The Committee note with regret that on 1st April, 1956 orders for a total value of Rs. 7,00,05,139 in respect of A.O.C. Stores were outstanding for over one year with the D.G.O.F.
- 49 The Committee realise that the Services might have their own difficulties in regard to their provisioning system and in communicating their requirements to the D.G.O.F., but they feel that every endeavour should be made to reduce the resulting difficulties to the D.G.O.F. to the minimum.
- 54 The Committee are glad to learn that the practice of direct negotiations with foreign firms for stores like arms and ammunition by-passing the recognised procuring agencies abroad, has been stopped.
- 55 The Committee endorse the following recommendations of the Stores Purchase Committee:
- (i) Tenders should be invited from India.
 - (ii) Purchases should be made in India and contracts should be placed as far as possible in Indian currency.
 - (iii) Imported stores should be bought through India-based establishments.
- 57 The Committee feel that the Defence authorities should actively help and encourage technological and industrial advance by interesting the Indian industrialists as well as the civil production units in the public sector in the manufacture of various items of stores.

1

2

3

The Committee understand that during the last war the technical staff of the late Directorate General of Munitions Production regularly visited all the factories, big or small, in India not only to estimate their capacities but to tender advice for developing the production of Defence stores. The Committee consider that such a sense of urgency together with initiative and drive on the part of the Defence authorities should exist or be consciously developed and kept at high level, at all times, even in normal peace time.

13

61

The Committee feel that the limitation of the usefulness of the Imported Stores and Raw Materials Screening Committee which has recently been replaced by the Defence Production and Supply Committee and the Defence Research and Development Committee of the Defence Production Board was inherent in its constitution consisting as it did only of Government officials. It is strange that in a Committee charged with the responsibility of locating internal sources of supply or manufacture potential, no representatives of the industry in the private sector had been associated. The Committee have no doubt that if representatives of industrialists and manufacturers had been associated with the above Committee, the Committee could have shown far better results than it had been able to achieve so far. The Committee, however, regret to observe that in spite of the changes recently made in the set up of the Imported Stores and Raw Materials Screening Committee, no action was taken to include representatives of industrialists and manufacturers etc. in the new Committee.

14

62

The Committee feel that the entire problem of the lack of sufficient co-ordination between the indigenous production and the defence requirements in the matter of stores and equipment should be approached and tackled in a different manner and more realistically. It would be profitable, in this connection, to draw from the experience of the Railways in respect of locating indigenous sources for stores.

1

2

3

✓
The Committee, therefore, recommend that an Equipment Committee for Defence Stores similar to the Railway Equipment Committee, should be appointed to examine the capacity in India for the manufacture of various defence equipments and stores which are at present imported and to suggest ways and means for expanding the existing industries or of setting up new industries for producing these items which cannot at present be manufactured with the existing resources. It is necessary that representatives of industrialists and manufacturers as well as of units in the public sector and non-officials should be associated with the Committee to make it fully effective.

15

63

The Committee recommend that in addition to the appointment of an Equipment Committee for Defence Stores, suggested in para 62, show-rooms should be opened by the Defence authorities in various industrial centres of the country where defence stores which are now being imported could be exhibited. These show-rooms should be in addition to those that might be opened by the D.G.S. &D. in view of the recommendations of the Stores Purchase Committee.

16

66

The Committee recommend that a review of the existing vocabulary of stores might be undertaken with a view to its simplification in as many cases as possible so as to bring it in line with the trade vocabulary and thereby eliminate one of the difficulties that stand in the way of exploration of indigenous production of defence stores due to the Defence vocabulary not being understood by the trade. For the rest a "Translated Copy" may be made available to the trade.

17

67

The Committee feel that the standardisation of specifications for stores require immediate attention. They recommend that without waiting for the Indian Standards Institution to lay down standards, the departments themselves should wherever they come across items

1

2

3

for which the specifications could be simplified or rationalised take steps in that direction.

18

68

The Committee feel that an important consideration which might go to increase indigenous procurement was the attitude of the indentors and purchasers towards indigenous manufacture and indigenous products. Owing to the long tradition, among all, specially the Defence authorities, there is probably an unconscious bias in favour of the imported variety of certain types of consumer items. The Committee hope that the authorities would make a deliberate effort and succeed in breaking away from the traditions of the past in all such matters.

19

69

The Committee feel that the concession in regard to the price preference upto 15 per cent. for indigenous products over imported ones which the Defence authorities are permitted to allow while making direct purchase is a very valuable and important concession and should go a long way in assisting indigenous industry. The price preference should be shown in all deserving cases, especially in cases where indigenous industry is in the process of stabilising itself but is not immediately in a position to compete with foreign manufacture.

However, where a single firm or a group of firms hold a monopoly, the price preference as recommended by the Stores Purchase Committee, should be given after ascertaining the cost of manufacture. The Committee feel that by giving an initial price preference and thereby helping to stabilise the industry, it should be possible to persuade the industry to progressively forego the concession, until the price preference is finally eliminated.

20

70

The Committee feel that efforts should be vigorously pursued by the authorities connected with both central and local purchase to locate more and more sources for supply of defence stores among the small scale industries. They suggest that very close liaison should be maintained with such organisations as the All India Khadi and Village Industries Board, the All India Handloom Board, All India Handicrafts Board

I

2

3

the Coir Board, etc. which could actively assist the development of production in village and small scale industries of stores required. The Committee recommend, that just as during the war a technical team of the Defence Department went round the country contacting small scale engineering units and educating them in the necessary technique to produce stores for defence requirements, similar steps should be continuously taken to assist the small scale industries.

The Committee also recommend that wherever it is decided that Khadi is not suitable, the use of handloom cloth should be considered as a second alternative, before finally deciding on the use of mill-made cloth.

21

71

The Committee feel that even if in the initial stages the keeping qualities of the indigenous product were somewhat below standard, it might still be possible to use it by arranging quicker turn over and by ensuring that the supplies from the manufacturers were staggered over different periods of the year. With this encouragement, it might even be possible to enforce gradually stricter specifications. The Committee believe that the advantages to be gained by the establishment of a new industry of that type in the country would warrant such re-adjustments as could be made without detriment to the health of the Defence personnel.

22

72

While the Committee hope that the efforts which are at present being made would go a long way in establishing indigenous manufacture, they feel that the usefulness of Medical Stores Development Sub-Committee which at present consists only of officials of different departments would be considerably enhanced, if representatives of the trade and manufacturing firms were also included in it.

23

73

The Committee observe that the Second Five Year Plan contemplates only a relatively small increase in the production of automobiles from 25,000 numbers in 1955-56 to 57,000 numbers in 1960-61 in the Private Sector and under the National Industrial Development Corporation

1

2

3

The Committee therefore recommend that urgent steps should be taken to explore the possibility of further developing indigenous manufacture of M. T. stores and also, if necessary, of establishing units either in the private sector or in the public sector, to be managed in collaboration with industry.

24

74

The Committee recommend that a comprehensive review of the existing position in regard to the production in the country of modern defence equipment required by modern Defence forces should be made and that, on the basis of it, there should be a phased programme for installing additional production capacity in Ordnance Factories, ancillary industries and other engineering units.

25

77

The Committee recommend that the possibility of the former Rulers of ex-Indian States and Jagirdars who were very keen on breeding horses, undertaking to breed and supply horses, to the Army of the requisite standard, might be explored and a system should be devised of obtaining their services for breeding good quality horses in India. The Committee believe that it might be possible by taking suitable measures to stop import of animals from abroad or at least to reduce it to a great extent.

26

80

While the Committee agree that the laboratories maintained by the T.D.E. at several places in the country should mainly concern themselves with the testing of samples etc. of the Defence Services, they feel that there should not be any bar to their taking work for other Civil departments since the old tradition of the Civil and Defence Departments working in watertight compartments without any mutual obligations to each other is no longer tenable in the context of the changed circumstances.

27

81

The Committee recommend that there should be a periodical review to determine the types of stores the inspection of which the Defence Inspectorate should themselves undertake and those which might be left to the inspecting agency of the Central Purchase Organisation

1

2

3

Correspondingly, it should be ensured that the services of the Defence Inspectorates are available for inspecting stores required by other departments, especially where sufficient capacity for inspection may not be available outside the Defence Inspectorates

28

83 & 84

The Committee suggest that a review of the methods and procedure of inspection may be usefully undertaken by the Technical Directorate. It may also be examined as a part of this review how far and in respect of which stores cent per cent inspection can be relaxed. Such a review should be particularly directed towards eliminating all delays, while prescribing the standard of inspection.

29

90

The Committee are surprised to learn that although the defects in the ration scales were pointed out by the Medical authorities in 1948, it has not been found possible so far for the Defence authorities to rectify the defects by introducing a balanced ration scale. The Committee consider this particularly unfortunate as the efficiency of the Defence personnel is bound to be affected by their diet. They, therefore, recommend that a decision on this question should be expedited and a balanced ration scale introduced without any further delay.

30

101

The Committee recommend that the question of the permanent location of depots and of providing permanent accommodation for valuable stores should be tackled on a priority basis and a phased programme spread over a number of years should also be drawn up urgently for providing covered accommodation for various other items of Defence stores which are likely to deteriorate in value or become unserviceable by lying in the open

31

102
&
103

The Committee notice that while on the one hand, there was a pressing need for covered accommodation, on the other hand, there was covered accommodation to the extent of 15 lakh sq. ft. lying vacant in various Depots. The Committee recommend that a special

1

2

3

review may be made not only in respect of each individual depot, but also of the over-all position in all the depots to determine to what extent available accommodation can be put to the best use.

- 32 105 The Committee recommend that instead of depending on the normal processes to eliminate the excess stock carried by the Depots the Government should appoint a Committee to look into the matter. It should include non-officials of standing, with business experience as well as officials from the civil Departments or the Railways besides officers of the Defence authorities.
- 33 106 The Committee understand that there had been instances where some individuals were found in suspicious circumstances in the precincts of the Depots and were handed over to the Police. They were tried by the Civil Magistrates and awarded ridiculously low punishments. The Committee feel that this raises an important question of security as much would depend on the motive of the miscreant *e.g.*, it could be either theft or even sabotage. The Committee recommend that the matter should be carefully examined by the Government with a view to seeing if sufficient powers could be given to the Defence authorities in the station to deal with such cases. It is possible that deterrent action in a few cases may have generally a salutary effect on all such cases, besides also minimising petty thefts, pilferage, etc.
- 34 107 The Committee feel that any deterioration in discipline among the civilian personnel working in the Depots may have serious consequences. The Committee recommend that the Government should consider the matter carefully and take necessary steps to bring the civilian personnel under proper discipline.

1	2	3
35	110	The Committee feel that the recurrence of losses of large quantities of foodstuffs indicate that the storage conditions, the period of storage, the quality of foodgrains, etc. may also account for losses to a considerable extent. The Committee consider that it should be possible for the authorities to whom all modern techniques of food preservation are available, to minimise, if not completely eliminate, the losses due to such reasons, by devoting more attention to the problem.
36	112	The Committee urge that the provision review of M. & V. Stores should be conducted on a more realistic basis so as to leave no scope for over-provisioning or stocking for periods in excess of the life of the stores.
37	114	The Committee feel concerned about the extent of the losses that took place and about the main recurring cause for the deterioration of stores continuing to exist. They feel that the deterioration due to defective storage accommodation, unsatisfactory arrangements and lack of care and preservation would be considerable. They would suggest that the losses, suffered on account of such reasons, should be analysed and early action should be taken to remedy the defects.
38	119	Large discrepancies in A.O.C. stores are revealed on stock verification every year. The Committee consider this position as very unsatisfactory. They regret to observe that in spite of the reorganisation programme introduced in the C.O.D.'s in June, 1950, there has been no improvement in the results of stock verification.
39	120	The Public Accounts Committee in their Ninth Report pointed out the imperative necessity of improving the position regarding stores accounts. It was expected that with the issue of necessary instructions and the employment of about 4,000 personnel for the re-organisation scheme, stores accounts would be satisfactorily maintained. But the position is still far from satisfactory.

I

2

3

- | | | |
|----|-----------------|--|
| 40 | 120 | The Committee understand that all Railway stores whether in a Stores Depot or with a Department are verified at periodical intervals by the Stock Verifiers of the Accounts Department. This enables verification being considered by an agency independent of that charged with the responsibility for maintaining stores. The Committee suggest that the feasibility of introducing a similar procedure in respect of the verification of Defence stores may also be examined. |
| 41 | 124 | The Committee are glad to understand that delays in disposal have been cut down to a considerable extent in recent years. |
| 42 | 125 | The Stores Purchase Committee considered that after a period of four to five years when the volume of Defence surpluses was expected to fall, steps should be taken to decentralise the disposal activities, entrusting the work to the respective stock holding Ministries. The Committee are doubtful whether the annual disposals of Defence surpluses would even after a period of four or five years, fall to pre-war level. They, therefore, do not desire to make any definite recommendation regarding the decentralisation. |
| 43 | 127
&
128 | The Committee observe that in respect of M & V stores, the sale value is on an average about 13·8 per cent. of the book value. The Committee feel that the matter requires investigation. |
| 44 | 129 | The Committee feel that it should be investigated whether the low realisation on sales is to any extent due to the very short life left in the drugs when they are disposed of and, if so, whether by taking earlier action to survey the stock and by disposing them of when a little more life is left in them the price obtained could be appreciably improved. |
| 45 | 132 | The Committee feel that it would be a healthy practice to associate with Review Boards, except in relation to such matters as are of top secret nature, persons in civil life who have special knowledge in the subjects under con- |

sideration or allied subjects. They feel that a beginning must be made by deliberately thinking and planning in a way different from the past tradition. The Committee recommend that it should be carefully considered in what manner, it could be provided for to include in Review Boards civilian officers and non-officials having the requisite knowledge and in whom trust could be reposed.

- 46 133 A number of army vehicles continues to deteriorate in value because of the delay in taking a decision regarding which of them are to be declared as unserviceable. The Committee consider this as very unsatisfactory and recommend that such cases should be dealt with expeditiously.
- 47 136 The Committee recommend that a Defence Stores Enquiry Committee should be set-up to go into the problem of excess stocks in the depots and to examine the administrative control and organisational set up of the Depots, possible sources of leakage, wastage and corruption in the stores organisation and also adequacy of the present regulations and the extent to which they are being actually followed.