P. A. C. No. 530

PUBLIC ACCOUNTS COMMITTEE (1976-77)

(FIFTH LOK SABHA)

TWO HUNDRED AND THIRTY-SECOND REPORT

DEFENCE SERVICES

MINISTRY OF DEFENCE

[Paragraphs 5, 10, 16, 17, 18 and 21 of the Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Defence Services)]

LOK SABHA SECRETARIAT
NEW DELHI

October, 1976/Kartika, 1898 (S)

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Page	Para	Line	For	Read
(v)	2	6	the paragraph	these paragraphs
2	1.5	22	operation, as	operation, in
15	1.28(i)	2	ut waiting	out waiting
	1.29	3	his case	this case
45	2.43	20	add 'and' after	magnitude
76	2.36	12	add full stop (.) after	level.
83	4.18	16	Irregular	irregular
		16-17	re-vered	re-covered
84	4.19	5	effects	efforts
121	6.24	3	sale delivery	safe delivery
159	2.45 (under col.4)	2	onsiderable	considerable
161	2.67	16	mansonry	masonry
162	2.69	2	as a cost	at a cost

CONTENTS

APPENDICES

PART* II

6—12—1974 (AN)

21-12—1974 (FN)

15-1-1975 (FN)

18-10-1976 (AN)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee do present on their behalf this Two Hundred and Thirty-Second Report of the Public Accounts Committee (Fifth Lok Sabha) on Paragraphs 5, 10, 16, 17, 18 and 21 of the Report of the Comptroller and Auditor General of India for the year 1972-73—Union Government (Defence Services).

2. The Report of the Comptroller and Auditor General of India for the year 1972-73—Union Government (Defence Services) was laid on the Table of the House on 25 April, 1974. The Public Accounts Committee (1974-75) examined these paragraphs on 6 and 21 December, 1974 and 15th January, 1975. Written information in regard to the paragraph was also obtained from the Ministry of Defence and other Ministries/Departments concerned.

3. The Public Accounts Committee (1976-77) considered and finalised this Report at their sitting held on 18 October, 1976. Minutes* of the sittings of the Committee form Part II of the Report.

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

5. The Committee place on record their appreciation of the commendable work done by the Chairman and Members of the Public Accounts Committee of 1974-75 in taking evidence and obtaining information for the Report.

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

7. The Committee would also like to express their thanks to the officers of the Ministry of Defence, Department of Defence Pro-

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

duction, Department of Supply and Ministry of Law for the co-operation extended by them in giving information to the Committee.

NEW DELHI;

October, 27, 1976.
Kartika, 5, 1898 (*S*).

H. N. MUKERJEE,

Chairman,
Public Accounts Committee.

I

MANUFACTURE OF AN AMMUNITION

Audit paragraph

1.1. In November 1965 the Master General of Ordinance placed a demand for 1.50 lakh rounds of an ammunition on the Director General, Ordnance Factories. In December 1965 the Director General, Ordnance Factories, ordered factory 'A' to produce 1.50 lakh rounds of the ammunition by March 1967.

1.2. The design of the ammunition, however, had not been cleared by the Research and Development Organisation till November 1968 when, consequent on a decision taken by the Army Headquarters, the Director of Ordnance Services informed the Director General, Ordnance Factories, that the ammunition would not be required as the equipment for which the ammunition was needed was likely to be withdrawn from service by April 1970. In the meantime, however, factory 'A' had placed inter-factory demands on four other factories between January 1966 and August 1967 for manufacture of components like cartridge cases, propellant, primers, boxes and the latter factories had manufactured the components worth Rs. 12.89 lakhs.

1.3. The Ministry stated (February 1974) that out of the components already manufactured it might be possible to use the boxes worth Rs. 6.70 lakhs.

[Paragraph 5 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services)]

1.4. The Audit paragraph points out that between January 1966 and August 1967, factory 'A' had placed inter-factory demands on four other factories for the manufacture of components like cartridge cases, propellent, primers and boxes, against which the latter factories had manufactured components worth Rs. 12.89 lakhs and that the Ministry had stated (February 1974) that out of the components already manufactured, it might be possible to utilise the boxes worth Rs. 6.70 lakhs. However, during evidence, the Secretary, Department of Defence Production, informed the Committee that certain changes would be necessary in the figures indicated in the Audit paragraph as these could not be checked properly at the time replies were furnished to the draft paragraph. According

to the latest verified figures, components worth Rs. 14.68 lakhs had been manufactured by the four factories, out of which boxes valued at Rs. 6.28 lakhs could be utilised.

1.5. The Committee enquired into the reasons for placing orders for the ammunition on the Director General, Ordnance Factories, before the design had been cleared. The Secretary, Department of Defence Production, stated in evidence:

> "....there is a background to this case which I have to explain at some length. The weapon...was received in this country in 1951 and had been introduced in the Services in 1956. Prior to the operation against the Chinese in 1962, the Army had only one Brigade with.... and even that we thought would be replaced by the indigenous...gun which was under development. Therefore, it was not considered necessary to provide ammunition. The Indian guns and weapons were being slowly inducted during the Chinese operation. It became clear that we could not operate with one para brigade. The need was felt to raise more army divisions which had to be equipped with modern weapons which we had received under the...programme from...and a number of them had also come from....The ammunition for this gun was, to a certain extent, over-aged. It is also a fact that the stock of the ammunition was not adequate. Therefore, as a matter of emergency, after the Kutch operation, is 1965, a need was felt to get the maximum support in the form of ammunition. In 1965, therefore, R&DO had been called upon to take up a project for the indigenous manufacture of this ammunition. Formally, they had been allotted this project on 31-8-1965. They started their design trials and completed those trials in September 1965. If one goes through the papers, one gets the impression that these trials were instituted to match the design parameter of the...equipment in the sense that the Ballistic Parameters were ensured as more or less correct. But the design, in all its aspects, for instance, in regard to cartridge cases and also propellent was not complete. However, since they had matched the design parameters, it was felt that we would be able to get into production. On the basis of the work that had been going on in the R&DO, the MGO thereupon placed an order on DGOF on 17-11-1965, the year in which there were hostilities with Pakistan. This gun was a major weapon for the army.

The ammunition levels were low and there was a reasonable prospect of development by the R&D. It might be said that this was the risk which the army had taken to get their supplies fulfilled as early as possible."

1.6. According to the Audit paragraph, though factory 'A' had been instructed by the Director General, Ordnance Factories, in December 1965, to produce 1.50 lakh rounds of the ammunition by March 1967, the design of the ammunition had not been cleared by the Research & Development Organisation till November 1968. In this connection, the Committee learnt from Audit that it was proposed in May 1965 to use only indigenous ammunition for this gun in place of the imported ammunition and accordingly the Armament Research and Development Establishment was asked to examine the proposal and render the feasibility report. For development of the indigenous ammunition Government sanction was issued in August 1965, at an estimated cost of Rs. 1,97,000. The work on the project commenced during May 1965 and was completed in October 1965 and the total expenditure on the project incurred by the Armament Research and Development Establishment was Rs. 3,43,570. On completion of the project, drawings were forwarded to the Chief Inspector of Armaments for sealing action. The design was to be cleared by the General Staff Branch before introduction into service. Certified copies of the drawings for the ammunition together with vetted copy of the extract were forwarded by the Chief Inspector of Armaments to the General Manager of factory 'A' on 25 December, 1965. Certified copies of drawings for cartridge cases and for charges were forwarded to factories 'B' and 'C' on 18 January 1966 and 3 February 1966 respectively. Details in regard to the packing of the stores were cleared in December 1967 when the Chief Inspector of Armaments supplied the sealed particulars.

1.7. The Committee also learnt from Audit that the Ministry had *inter alia*, stated, in January 1974, as follows:

"Although the Director General, Ordnance Factories had planned production of the ammunition on top priority as desired by the Master General of Ordnance on the basis of drawings and particulars received and extracts vetted by the Chief Inspector of Armaments, delay in production was due to difficulties/delay in the final clearance of the design. In December 1966 the R&D Organisation informed that the design of the Cartridge Cases had been finalised and the same could be sealed accordingly. There

were some controversies regarding furnishing certain details regarding propellant manufactured by factory 'C'. Later on these points were all cleared and sealed particulars of Cartridge Cases, Primer, etc. were given by Chief Inspector Armaments and the Inspector of Military Explosives was asked to undertake inspection of the 6 lots of propellant manufactured by factory 'C'. In the Armament Committee meeting in March 1967, Director General, Ordnance Factories had reported that planning action for Cartridge Cases as per latest design was being proceeded with. Barring the propellant and Cartridge Cases, production of other components had been proceeding and their stock was being built up so that on the clearance of the design of the propellant, manufacture of the ammunition could be undertaken on priority to commence issues as early as possible. In the Armament Committee meeting in August 1967 it was intimated that the pilot batch of Cartridge Cases produced to the latest design was under proof and it was intimated that factory 'B' could complete 75,000 Nos. of Cartridge Cases by end of March 1968."

1.8. Explaining, at the Committee's instance, the reasons for the delay in clearing the design of the ammunition, the Secretary, Department of Defence Production, stated in evidence:

"The design of this ammunition was completed by the R&D Cell in 1965 in the manner I have explained and when it was put through a series of user's trials in 1966, it was found that the pressures were somewhat higher and a part of the gun which is known as the sleight flew off. There was an enquiry instituted as to why this had happened and one finding was that the fault was in the gun itself and the ammunition was all right. But, however, to compromise with the situation the R&D Organisation redesigned the ammunition to give lower pressure. In the meantime cartridge cases also had shown signs of crack. Our Original intention was to use the..... Cartridge cases and they were rather longer in size. It was decided to cut them into appropriate size so that the cut section could be used for the purpose of this equipment. This was done because of the urgency in 1965.

The modified cartridge cases produced out of.....cartridge cases did not produce the desired results and splits and

cracks started appearing. So, that also was a difficulty and in the end the propellant also became a problem, in that a certain kind of picrite which was used in the original ammunition was of...origin and was in short supply. This again gave rise to high pressures. Before the propellant was cleared in 1968, the requirement for this ammunition had disappeared."

1.9. Since orders had been placed on the factories even before the design of the ammunition had been satisfactorily cleared, presumably on account of urgency of requirements, the Committee desired to know whether the Director General, Ordnance Factories had proceeded with the production of the ammunition with a sense of urgency. The witness stated:

"The order from the MGO dated 17th November, 1965 stated that the drawings had to be vetted by the DGI. There is a procedure to be followed in this case. The R&D drawings were taken by the DGI, vetted by him and then passed on to DGOF. This was done by 25th December, 1965. Now, if you see the file you will find that the orders for cartridge cases and the propellants which were the most urgently wanted items were placed on 25th January, 1966. This was barely a month after he got the drawings from the DGI. The order for the boxes came later; as they were to be used later. But the order for primers was placed in August 1967. This was because, I believe, there was a stock of primers in the Ordnance Factory. So, this item would not have held up supplies."

He added:

"Actually the acceptance of the General Staff Branch to this ammunition was given to us on 15th October, 1966 after a further set used on trial in which the pressure was reduced to conform to the tolerance of the gun."

1.10. The Committee were given to understand by Audit that the Ministry had also stated (January 1974) that though the representatives of Army Headquarters present at the Armament Committee meeting, held in August 1967, were fully aware of the progress being made in the production of the ammunition, 'no indication of the likely cancellation of the order was given by the Army Headquarters'. Since the design had apparently run into difficulties, the

Committee asked why the order was not cancelled earlier or the Director General, Ordnance Factories asked to go slow with the production of the ammunition and its components. The Secretary, Department of Defence Production, replied:

> "The answer really to that question is that the supplies of the Indian gun was coming up, but it was not coming up fast enough. I presume that this was the reason why the General Staff Branch did not cancel the orders."

1.11. Explaining the circumstances in which orders for the ammunition had been placed before the design was cleared, the Master General of Ordnance stated in evidence:

> "The necessity for the orders had been explained adequately by Mr. ..... and the reasons given therefor. The question is that we had.....regiments which had these .....whose ammunition was completely overaged—it was of 1943 or 1945 manufacture and this ammunition was supplied fifteen years later and in that event it was fifteen years old and, therefore, we could not rely on that ammunition. These guns had to be kept in service because the Indian.....was coming up only a little later not till about the year 1970-71. The ammunition not being available, these.....regiments would not have been of any use unless we had ammunition for these guns. In that event the point was that we were assured by R&D that the ammunition would be brought out to this particular specification and this assurance was kept by us in view; that is why we kept the orders on for this ammunition. In 1968 we had known that we will keep these guns only for another 3 years; and that by the time we got the ammunition, these guns will be going out of service. Secondly, I would add that the shell being used in this ammunition was the same shell as is used in the indigenous one. The cartridge case was the.....one. It is only the cordite and the propellant in it which was different; and we wanted the same ballistic performance as was available with.....(the earlier imported ammunition)."

1.12. A note furnished subsequently in this regard by the Department of Defence Production is reproduced below:

> "In 1965 DOS's holdings of.....ammunition comprised of imported stock.....and were of 1943/45 made. The

shelf life of this ammunition was 15 years and thus their total holdings were overage and their continued serviceability could not be relied upon.

In May 1965, it was decided to develop indigenous production. The General Staff during July 1965 asked R&D to undertake development project. In August 1965 ARDE was allotted the development project. In October 1965, R&D reported that full-scale technical trials for the development of indigenous.....had been carried out successfully. The General Staff was also asked by R&D to accept this ammunition without user trials. At a meeting held in Additional Secretary's Room on 4 October 1965, it was mentioned that the DGOF could manufacture this ammunition and the MGO should place an order immediately. Accordingly, in November 1965, an order for 1,50,000 rounds to provide for 3 months, WWR for.....regiments, was placed on DGOF."

1.13. The Committee learnt from Audit that the requirement of the ammunition was reduced by Army Headquarters to 1,30,000 rounds in December 1967. In a note, furnished at the Committee's instance, indicating the reasons for reducing the requirements, the Department of Defence Production stated:

"On account of delay in the final clearance of items like Cartridge Case, Propellant and Primer, the production of this item could not commence as per schedule. In December 1967, the General Staff carried out a reaparaisal of the requirements of this item. It was found that only .....Regiments equipped with the gun were likely to continue for the next 4 to 5 years. MGO was, therefore, asked on the 20th December, 1967 to provide ammunition only for.....Regiments, as against.....Regiments for which orders had initially been placed on the DGOF.

MGO consequently reduced the quantity on order from 1,50,000 rounds to 1:30;000 rounds on 23 December; 1967."

1.14. Asked when the order for the ammunition had been cancelled, the Master General of Ordnance replied that it was done during 1968. The Committee desired to know when the correct design had been furnished to the factories. The witness stated:

"We did not give it to them."

The Secretary, Department of Defence Production stated in this context:

> "The Audit paragraph says that the design of the ammunition has, however, not been cleared till November 1968, because the propellant design was never cleared at all. We were still working on the propellant, when the Army Headquarters cancelled the order. The date refers to the date of the cancellation of the order. By that time, the design had not been cleared by DRDO."

1.15. The Committee desired to know when a decision had been taken by the Army Headquarters to withdraw from service the weapon for which the ammunition was required and when the decision was communicated to the Director General, Ordnance Factories. In a note, the Department of Defence Production stated:

> "As the revised order for 1,30,000 rounds of the ammunition was assessed to materialise by 1970-71, in October 1968, the Artillery Directorate recommended to the General Staff that there would be no requirement for this ammunition as by 1970-71, the.....Regiments and.....Regiments could be equipped with the indigenous gun and those imported from.....The General Staff, accepted this recommendation and directed DOS on 4th November 1968 to cancel the indent placed on the DGOF for the manufacture of 1,30,000 rounds of the ammunition. DOS accordingly asked DGOF on 10th November 1968 to cancel the order."

1.16. Asked when Government had thought of equipping the regiments with these guns, the Master General of Ordnance replied:

> "As you will remember, in the 1962 operations against the Chinese, we received a certain number of these particular guns along with the connected ammunition for our .....formations, because these could be used also for the.....formations. It is only at this stage that we got guns for.....fore regiments with the ammunition and with their connected equipments. So, in 1965 the position was that we had.....regiments—..... equipped with.....guns."

1.17. The Committee desired to know whether, having due regard for the enemy equipment and the area in which the regiments

had to operate, the guns had rendered fully satisfactory service The witness stated:

> "I am sorry I am not equipped to answer this question at this time, but I can say that when the Chinese aggression did take place in 1962, certainly.....guns and this gun did go into action. They were used.....The fullest satisfaction can only arise if you have the equipment that you would desire to have and at that particular stage we had only.....guns and this equipment came a little later and the Army has to make do with the equipment that is in its possession at a particular time."

Asked whether the guns gave a good account of themselves when put to test, the witness replied:

> "Certainly, to the extent that the Army gave a good account of itself."

1.18. Asked when these guns were actually witndrawn, the witness replied:

> "They were actually withdrawn from service from....Regiments between October 1971 and July 1972 and from one regiment somewhere in 1966-67, in fact the end of 1965."

Since it had apparently been considered fit and necessary to withdraw the weapon from a regiment by the end of 1965, the Committee desired to know the reasons for delaying its withdrawal even till 1972 elsewhere. The witness stated:

> "Simply because a large number of....guns were required. The....was the indigenous gun being produced in India, but it could not be produced in sufficient numbers to cater to all the....regiments. Therefore, as we kept on getting these particular guns, we kept on withdrawing some of the other ones. In fact, a stage had come when even some....guns had to be procured from outside."

1.19. Asked whether the precise reasons for withdrawing these guns had been clearly indicated and whether any adverse reports on their performance had been received from the Regimental Battery Commanders, the witness replied:

> "It is not because of the Battery Commanders, it was because of the sustainability of these guns. What happened was,

If I may again recollect, in 1965.....we could not get the spare parts for their for some time. Secondly, the ammunition that we had for these guns was allover-age. Our efforts in developing indigenous ammunition had run into certain snags. When you do not have ammunition for the guns, it is pointless having those guns and it was at this stage that these particular guns were withdrawn, one set in 1967, because we received a certain number of guns to equip the Regiments. These withdrawn guns were kept as spares and backing for the other....Regiments. We were able to keep it on, our Army was able to keep it on, until about 1971-72. This was what had been originally thought of, and the re-equipment of these particular Regiments was, therefore, done by the indigenous ones."

1.20. The Committee desired to know whether it would not, therefore, be correct to infer that these guns had to be withdrawn because they did not render full satisfaction. The witness stated:

"I do not think so. It is not a question of rendering full satisfaction. Of course, they will not render full satisfaction when the MGO cannot give them the ammunition. So, I am giving the reasons why these particular guns were withdrawn."

When asked whether this did not mean that the witness could not contradict what had been stated in positive language in regard to the performance of the gun, he replied:

"No Sir. I am afraid I cannot."

1.21. In reply to another question whether necessary ammunition was available in stock for the guns in use till they were withdrawn, the witness stated:

"The over-aged ammunition. The procedure in the Army is once an ammunition has out-lived its shelf life, we then prove it for one year at a time. We take a certain number of rounds and prove them and see if they can go on for another year. Similarly, we kept on doing it and upto the time that these guns were taken out of service, this ammunition was certainly usable, with certain restrictions naturally. And, as I told you, from October 1971 to July 1972, they have been spaced out or deinducted in a very short time, in a period of six to eight months which leads me to assume definitely that the

ammunition at this stage was definitely becoming unsuitable."

1.22. Since it had been stated that out of the components already manufactured, it might be possible to utilise boxes worth Rs. 6.28 lakhs, the Committee desired to know whether all the boxes had since been put to use and whether any extra expenditure had been incurred for altering the boxes to make them suitable for the alternative use envisaged. In a note, the Department of Defence Production stated:

"All the boxes manufactured by the....Factory (Factory 'D') have since been utilised for the packing of other ammunition. No alteration to the boxes was required, hence the question of cost incurred on it does not arise."

In this connection, the Secretary, Department of Defence Production, however, stated during evidence:

"Regarding boxes, we have found out only a few days ago, that there was a modification carried out. We had originally stated in a written reply that there was no modification. I am afraid that it is not correct. We have spent about Rs. 1.19 lakhs on the modification. These boxes have been modified to take grenades and will be used, or may be, they have been used. We expect to utilise the entire lot of boxes which we have made for packing grenades but in comparison with what we would have had to spend, had we used normal grenade boxes, we find that we have had to spend some extra money, *i.e.* to the extent of Rs. 63,000."

He added:

"The net loss would be Rupees sixty-three thousand but this amount is not really infructuous as these boxes would be used for packing grenades."

1.23. Since it would have been necessary to cut the boxes to modify them to accommodate the grenades, the Committee asked whether a part of the boxes had become scrap. The Director General Ordnance Factory replied:

"Only the packing fitments had to be changed. We had to put in 18 grenades in that box."

He added:

> "The modified box packs 18 grenades as against the capacity of the normal box, *viz.* 12."

When asked whether it was not necessary to scrap the earlier partition and weld a fresh partition to accommodate the grenades, the witness replied:

> "It was just a wooden compartmental partition." He added that the earlier partition was also wooden.

1.24. The Committee learnt from Audit that the Controller General of Defence Accounts had stated (April 1974) that consequent upon the alternative use of 8,741 boxes and part of the six loose components obtained for the percussion primer, the financial repercussion would work out to Rs. 5.97 lakhs as under:

Factory 'A'	..	Rs. 3.49 lakhs
Factory 'B'	..	Rs. 1.37 lakhs
Factory 'C'	..	Rs. 0.75 lakhs
Factory 'D'		Rs. 0.36 lakhs
	Total	Rs. 5.97 lakhs

1.25. Explaining, at the Committee's instance, the details of the infructuous expenditure incurred on the manufacture of the ammunition, the Secretary, Department of Defence Production, stated in evidence:

> "This figure of Rs. 12.88 lakhs is really Rs. 14.68 lakhs. Out of this figure, boxes accounted for Rs. 6.91 lakhs, cartridges for Rs. 6.29 lakhs and the propellants for Rs. 1.48 lakhs. We would utilise boxes to the extent of Rs. 6.28 lakhs. We would be able to recycle the cartridge cases entirely. We estimate the loss on that account to be of the order of Rs. 4.31 lakhs. We would be able to rework the propellant which we had manufactured to the extent of Rs. 1.48 lakhs and derive value to the extent of Rs. 19.08 lakhs. Taking these things into account, we expect a net loss of about Rs. 5.35 lakhs."

In a note furnished subsequently in this regard, the Department of Defence Production stated:

> "Total cost on manufacture of boxes was Rs. 6,91,655.00. The entire quantity of boxes had been utilised for packing grenade....after carrying out suitable modification. The cost of modification was Rs. 1.19 lakhs. Net financial repercussions will be Rs. 63,000. This amount has been worked out on the basis of difference in the cost of packing.
>
> The book value of Cartridge Cases is Rs. 2,05,070. The cases are proposed to be recycled with a utilisation scrap value of Rs. 67,692, with financial repercussions of Rs. 1,37,379.
>
> The book value of propellant is Rs. 1,48,015. The propellant is proposed to be utilised (after reworking) to the extent of Rs. 1,08,247 with a financial repercussions of Rs. 39,768.
>
> The book value of primers is Rs. 4,23,725. These are also proposed to be recycled with a utilisation scrap value of Rs. 1,29,923.
>
> The overall financial repercussions work out to about Rs. 5.34 lakhs."

1.26. The Committee pointed out that when an instance of this nature likely to result in infructuous expenditure occurred, steps should have been taken to cancel the orders promptly and asked whether the particular case had been gone into so as to ensure that adequate steps were taken to prevent the recurrence of such episodes. The Secretary, Department of Defence Production replied:

> "Yes, Sir, we did indeed. But in this particular matter our entire developmental procedure was pushed aside because of the 1965 hostility. In a normal situation this sort of thing would not have happened."

1.27. The Committee are concerned that on account of alleged difficulties/delay in the finalisation of the design of vital components of an ammunition required urgently for a major weapon in use, an expenditure of Rs. 8 78 lakhs* out of the total expenditure of Rs. 18.12 lakhs incurred on its indigenous development and manufac-**

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*Includes expenditure on development of the ammunition (Rs. 3·44 lakhs) and financial repercussion after recycling of the components manufactured (Rs. 5·34 lakhs).

**Value of components manufactured (Rs. 14·68 lakhs) and expenditure on development (Rs. 3·44 lakhs).

ture proved to be infructuous. The Committee note that the project for the development and manufacture of the ammunition was launched as an emergency measure after the Kutch Operation in 1965 and as time was of the essence of the programme, it could not wait for the detailed and meticulous planning that one would expect in projects of this nature. Orders for the manufacture of the ammunition had, therefore, been placed on the Director General, Ordnance Factories, in November 1965, after the ballistic parameters of the ammunition had been cleared by the Research and Development Organisation, in spite of the fact that the design of the vital components like cartridge cases and propellent had not been completed in all its aspects, in the expectation of a reasonable prospect of the designs being developed by the Armament Research and Development Establishment. Unfortunately, however, this expectation did not materialise and even before the correct design of the propellent could be made available to the Director General, Ordnance Factories, the requirement for the ammunition was said to have "disappeared', necessitating the cancellation of the orders for the ammunition in November 1968 and the premature abandonment of the project.

1.28. The Committee are conscious that as this was a vital weapon for the Army, a certain amount of risk had to be taken in this case on strategic considerations. It would, however, appear from the facts stated below that there had been a certain lack of planning and forethought in the indigenous manufacture of the ammunition and that adequate watch and control over the project at Government level was lacking:

(i) Though the shelf life of 15 years of the available stocks of imported ammunition for the gun, which were of 1943—45 vintage, had expired much earlier and, therefore, could not be relied upon, the decision to manufacture the ammunition indigenously had been taken only in 1965, some five to seven years after the ammunition had outlived its usefulness. Since it was pointless having the guns without the necessary ammunition, and the indigenous supplies of an alternative weapon under production were also not coming up fast enough, the Committee are unable to understand why the indigenous manufacture of the ammunition had not been thought of earlier than in 1965

or recourse had not been taken to essential imports without waiting for some sort of a crisis to develop.

(ii) Since initial difficulties in the development of an obsolete ammunition were only to be expected, Government ought to have (after having decided belately to undertake its indigenous manufacture) contemporaneously and continuously monitored the progress of the project and ensured that it was completed with the requisite vigour and all possible speed. Unfortunately, however, this does not appear to have been done, as a result of which a vital project could not produce results when they were needed most.

(iii) Prompt and adequate action had also not been taken to curtail the manufacturing programme when it was known that the design of the ammunition had run into difficulties and that the gun for which the ammunition was intended was also in the process of being phased out of service. Since the orders for the primer (cost Rs. 4.24) lakhs) had been placed only in August, 1967 and the pilot batch of cartridge cases produced to the latest design were also only under proving trials at that time, action should have been taken after the August, 1967 meeting of the Armament Committee either to cancel the orders or to ask the Director General, Ordnance Factories to go slow with the manufacture of the ammunition and its components. Perhaps, in that case, much infructuous expenditure, particularly on the cartridge cases and the primer, could have been largely avoided.

1.29. The Committee consider that the omission to take certain elementary measures in this case has been regrettable. They would urge Government to benefit from the experience of his case and evolve a suitable machinery for keeping a close and careful watch over the progress of such vital projects. Better coordination should also be maintained between the users and the production units so that variations in demand on account of changes in requirements are communicated at the earliest. Similarly, where difficulties crop up in the development and manufacture of an item, a closer liaison should be maintained by the Director General, Ordnance Factories, with the indentors with a view to making sure that the users' demand has not, in the meantime, changed radically or ceased to exist and

that expenditure on a development effort is not continued unnecessarily.

1.30. The reasons for the Research and Development Organisation taking over three years to design the propellent have also not been satisfactorily explained. The delay in the present case under-scores the need for gearing up the R & D effort which must be able to meet the challenges and changing needs of the Armed Forces. There is no dearth of talent in the country, and truly earnest research in indigenous design of weapons and other equipment with a view to self-reliance in this vital sphere is called for.

1.31. The Committee have been informed that while the boxes (cost Rs. 6.92 lakhs) manufactured for packing the ammunition had been fully utilised, after suitable modifications, for packing grenades, it was proposed to recycle and utilise the cartridge cases, primer and the propellent with a total utilisation scrap value of Rs. 3.06 lakhs as against their original book value of Rs. 7.77 lakhs. They would like to know whether this process has since been completed and the components utilised.

II

CONSTRUCTION OF BUILDINGS IN A STATION

(a) Workshop building

Audit paragraph

2.1. In June 1968, Government sanctioned the development of a Naval Project at a station which included *inter alia* construction of an armament repair workshop. Construction of the workshop building, which is on pile foundation, was carried out up to floor level during the period 3rd October, 1969 to 4th December, 1970. The piles were completed by a contractor by 10th December, 1969 at a cost of about Rs. 1.77 lakhs. The work on superstructure costing Rs. 17.27 lakhs was undertaken by another contractor. By December, 1970 the building began to show stresses, and during 16th December, 1970 to 29th March, 1971 cracks in walls and floors, tilting of columns and differential settlements were noticed.

2.2. In September, 1971 Government constituted a Technical Committee (consisting of the Zonal Chief Engineer, who was not concerned with this work, as Presiding Officer and a representative each of the Director General, Naval Project, the Engineer-in-Chief, and the Central Building Research Institute, as Members) to conduct a detailed enquiry into the causes and factors which led to the defects, to fix responsibility for the same and to suggest temporary as well as permanent remedial measures. The Committee gave an interim report in October, 1971 indicating certain short-term precautions to protect the building; it submitted its final report in December, 1971.

2.3. The Committee held that while the southern annexe and main hall were not in immediate danger and might be put to use after essential repairs the structure of the northern annexe was seriously stressed and might not be far from the point of collapse. The Committee, however, felt that it was possible that the settlement had stabilised as no further settlement had taken place since October, 1971.

2.4. The following were the major defects noticed by the Committee in the structure of the building:—

(i) settlement and cracking of floors;

(ii) cracks in cross partition walls on independent footings;

(iii) cracks in longitudinal and cross walls supported on plinth beams and settlement piles;

(iv) tilting of columns relative to each other affecting structural stability, and kink in the alignment of a gantry girder; and

(v) settlement and cracks in the lavatory blocks.

2.5. While determining the effect of the defects on the structural safety of the building and tracing the causes of the defects, the Committee also made *inter alia* the following points, which it considered as minor and not serious:—

(i) part of the settlement had taken place during the execution of the work;

(ii) settlement of the floor was due to consolidation of compressible layers under the floors; this could have been anticipated due to presence of the soft clay layers as indicated by the bore hole data. Further, the floor should have been separated from that portion which is coming on pile caps and plinth beams by smooth joints. This could have been provided by the executive or design staff.

(iii) cracks in cross walls were due to settlement of soil under foundations. Information about allowable pressure based on consideration of settlement should have been obtained from soil exploration team and used;

(iv) in the site investigation contract clearer parametres could have been laid down and definite recommendations insisted upon; and

(v) one of the factors which might have contributed to the settlement and displacement of the piles was the flow of material caused by the presence, in the near vicinity, of a dredged channel and the flooding in November, 1970. The flow of sub-soil material could have been prevented by a diaphragm wall. Had the wall been constructed earlier it would have added to the stability of the building.

2.6. According to the Committee the defects in the building might be primarily due to variation of sub-soil conditions from

point to point within the same building which could not be anticipated. The Committee felt that nobody could be held responsible for this.

2.7. On the points (ii) and (iii) brought out by the Committee, as mentioned above, the Ministry stated (September, 1973) as follows:

(i) according to the Central Road Research Institute Roorkee, the floors in all buildings in the area might settle and the sinkage might continue for 50 years. Any attempt to eliminate the settlement would result in disproportionate expenditure in the foundation alone;

(ii) the cross walls were to be constructed as per detailed machine design and layout of the building. As however, the piles and plinth beams had already been completed before detailed design was completed, the cross walls had to be constructed on open foundation. There were practical difficulties in completing the design.

2.8. The contractor who constructed the piles for the building was informed for the first time in December, 1971 that the piles had failed to carry the guaranteed load and was asked to undertake remedial measures to ensure the guaranteed load. In reply the contractor stated (March, 1972) that the observed pattern of stresses as well as the record of settlement ruled out the possibility of failure of concrete pile at the site. The contractor was informed by the Director General, Naval Project, in June 1972 that as the piles had failed to carry the guaranteed load before full load had developed in the building, remedial measures to relieve the extra stress on piles to avoid further failure had been/were being taken by the department at his risk and expense. The contractor pointed out in July, 1972 that final certificate of completion work had been given to him on 19th March, 1970 by the department and there was no obligation on his part to carry out any remedial measures as the maintenance period of twelve calendar months from the date of completion of the work, as per contract, was already over. The Ministry stated (September, 1973) that the Director General, Naval Project, did not take up the question of failure of the piles to carry guaranteed load earlier as the maintenance period of piles as per contract was already over when general sinking of the area was noticed.

2.9. The Ministry of Law, to whom the matter was referred in September, 1972, advised in March, 1973 that the dispute could be

referred to arbitration. The matter is yet to be referred to an arbitrator (September, 1973).

2.10. The cost of additional works already done and proposed to be done to rectify the defects in structure and make the building suitable for the workshop was estimated as Rs. 14.16 lakhs. In addition, a mobile crane costing about Rs. 3.66 lakhs was procured in March, 1973 for being used on the ground inside the workshop as an interim measure as the overhead crane earlier purchased in March, 1971 at a cost of Rs. 0.82 lakh would be too heavy for the building.

2.11. The Ministry stated (September, 1973) that it had been decided to call for the explanation of the officer-in-charge planning and design and also the Garrison Engineer in-charge of the work.

[Paragraph 10(a) of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services)]

2.12. The Committee were informed by Audit that the Deputy Director General of the Naval Project had stated (February, 1974) that while the parameters within which the building was to be constructed were given by the Design Team (of the foreign Government from whom ships had been acquired), the Director General, Naval Project had prepared the structural design of the building and concluded the necessary contracts therefor.

2.13. Explaining, during evidence, the background in regard to the case commented upon in the Audit paragraph. the Additional Secretary of the Ministry of Defence stated:

> "When the project was first initiated, we consulted experts as to where it should be located and how it should be built. We did not have the expertise at all. As you are aware, we have been acquiring a number of naval ships from.....So we have to have a dockyard where these could be repaired. We consulted the....and they, after surveying the whole area, chose....for locating it. In ....also, there are in the harbour three arms, the northern arm, the northwestern arm and the western arm. The northern arm is purely commercial where commercial berths are situated where the Port Trust is in charge; the northwestern arm was given to the Navy. The.... experts also said that the entire dockyard project and dry docks could be located in the northwestern arm. They also submitted a project report. At that time, we

did make a number of soil soundings of the strata of soil underneath the northwestern arm and we found layers of clay. Clay is a treacherous thing for building purposes. But we had no choice but to have our building alongside the northwestern arm. So the....said that by sinking piles and constructing the building on them, there would be a good deal of stability and the dockyard could be built in the northwestern arm.

Building No. 25 was among the first to be built in that treacherous soil area. The sanction was for Rs. 19.1 lakhs out of which Rs. 1.77 lakhs was for the piles and about Rs. 17 lakhs for the superstructure. So first the piling work was given to one contractor and the superstructure work to another. After piling work was completed, it was tested and found satisfactory. This was by December 1969. After that, the superstructure was constructed. It was almost over by about November 1970 when the engineers began seeing cracks. Slowly these developed and by March 1971 there were a number of them in the superstructure. Then they made a report to Government. Government appointed a committee."

2.14. The Committee further learnt from Audit, in this context, that the pile foundation for this building was carried out along with the requirement for other buildings by Cementation Co. Ltd., Calcutta and that the construction of the superstructure was commenced on 21 January 1970 and completed on 20 April 1971, by Bhasin Engineers. The Committee were also informed that the value of the contract with Cementation Co. Ltd. was Rs. 10.56 lakhs and the actual completion cost Rs. 8.85 lakhs and that the proportionate cost of pile work done for this building (No. 25) was Rs. 1,76,520.

2.15. The Committee desired to know the details of the loads specified and guaranteed as per the terms of the contract for pile foundation work of the workshop. In a note furnished in this regard, the Ministry of Defence indicated the following specifications as given in the contract and to the technical Committee:

(i) Mix for 16; diameter piles . . . 1:2:4
for 18" to 20" diameter piles . . 1½:3:5

(ii) Set (aa) for 16" diameter piles . . . 5 "8" for 5 blows.
(bb) for 18" to 20" diameter piles . 4 to 6 mm for 10 blows

The Committee were also informed that the loads specified for piles of 16", 18" and 20" diameter were for a guaranteed capacity of 30 tons, 50 tons and 80 tons respectively.

2.16. Asked whether, at the time of giving the completion certificate to the contractor, it was ensured that the piles would carry the guaranteed load, the Ministry replied:

> "When the piling work was completed one load test was carried out and it indicated that the piles would carry the guaranteed load."

2.17. The Committee desired to know when the cracks in the walls and floors were first noticed and when this had been reported to Government. The Additional Secretary, Ministry of Defence stated in evidence:

> "Crack was first discovered on 16 November 1970. By that time the superstructure had already been built almost 90 per cent; so it was not possible to again strengthen the piling system."

He added that the first report in this regard had been received by the Government on 24 May, 1971.

2.18. According to the Audit paragraph, however, the building had begun to show signs of stress by December 1970 and cracks in walls and floors, tilting of columns and differential settlements were noticed during the period 16 December 1970 to 29 March 1971. Explaining the discrepancy in the date of occurrence of the cracks as reported by Audit and as intimated by the Ministry subsequently, the Ministry of Defence, in a note, stated:

> "Earlier in reply to Audit para 10(a), it was indicated that the building began to show distress during the period 16 December 1970 to 29 March 1971. This was based on the Engineer Appreciation Report received from the DGNP (Director General, Naval Project) initially. However, with reference to....the Technical Committee's Report, the date of occurrence of distress was shown as 16 November, 1970 in our reply sent to the Lok Sabha Secretariat."

2.19. Asked whether defects such as tilting of columns could be considered minor, the Chief Engineer of the Project replied:

> "They were major defects. They were noticed gradually, starting from November 1970 till about March 1971. First

of all, there was cracking of the floors. Then there was cracking of the walls. Then they found the columns have tilted."

2.20. The Committee desired to know whether any investigation had been carried out immediately after the defects came to notice. In a note, the Ministry stated:

"The development of distress in Building No. 25 occurred over a period of about 10 months commencing from 6 November 1970. Departmental investigations were immediately taken up by the DGNP to find out the reasons for the distress. The cracks and distortions observed in the building were brought to the notice of the E-in-C and the Ministry in May 1971. E-in-C indicated that there was no cause for alarm and the defects had occurred due to uneven settlement of soil and lack of certain precautions that should have been taken during execution. He also mentioned that they had advised the OI/C Planning and Design how to rectify the defects and at that stage it might not be necessary to appoint a committee of experts to investigate. However, when an engineer appreciation of the defects was received from DGNP on 15 June, 1971 the matter was again re-examined and it was decided by the Additional Secretary on 7 August 1971 that a committee should be constituted to examine the entire question of planning, design and execution of building No. 25."

To another question as to why the work on the superstructure was not suspended, pending investigation of the reasons for the cracks, tilting, etc., the Ministry replied:

"The distress to the building was first noticed on 16 November 1970. By that time the building had been roofed and work on internal walls finished. The flooring work had also started. The question of suspension of superstructure work did not arise."

2.21. Asked why it should have taken more than six months to report these defects to Government, the Additional Secretary, Ministry of Defence, replied in evidence:

"Even though the first crack was noticed on the 16th November 1970, naturally, just by finding one crack they could

not rush and report to the Government. So, they waited until some more cracks developed. When the position became rather serious by about March/April 1971, then a report was made to the Government and the Government appointed a technical enquiry committee under Brig-Chachi, who was the Chief Engineer of the Southern Zone and who was totally unconnected with this project."

Explaining, at the Committee's instance, the reasons for the delay of about nine months in ordering an enquiry in this regard, the Ministry stated:

"The DGNP was investigating the reasons for the distress during the period December 1970 to March 1971. He reported the matter to Government and E-in-C in May, 1971. Details of the distress were called for. Initially E-in-C was of the view that investigation might not be necessary. However, on receipt of Engineer Appreciation in June 1971, Additional Secretary decided on 7 August 1971 to set up a Technical Committee and E-in-C was requested to advise on the composition of the Technical Committee."

In another note furnished in this regard subsequently, the Ministry stated:

"When development of cracks were reported by the CWE, the geological condition of the area was again studied by the DGNP based on the data of 2 bore holes which were put in the area of the building 25 during the last stages of the FCI soil investigation work. As already indicated [vide Paragraph 2.20] departmental investigation was immediately taken up by the DGNP to find out the reasons for the distress. The problem of the defects that had developed in the walls and floors of this building had also been referred to various organisations in India including the Building Research Institute at Roorkee by the DGNP. Ultimately, the 'Engineer Appreciation' was prepared and submitted by the DGNP in June 1971. After necessary consideration thereof, the decision to appoint a committee of experts to conduct a detailed enquiry which led to the defects, was taken by the Defence Ministry in August 1971. It would appear from the above that there was no undue delay in ordering the enquiry."

2.22. Since it had been stated by the Engineer-in-Chief, when the defects were brought to his notice, that there was no cause for

alarm and that it might not be necessary, at that stage, to appoint a committee of experts to investigate the same, the Committee desired to know whether this assessment was correct in view of the fact that the defects were far from minor. In a note, the Ministry of Defence stated:

> "The report about the defects observed in Building No. 25 was first reported to the then Additional Secretary by the then DGNP (V) on 27 May 1971. A copy of this report was furnished to the Director General of Works, E-in-C's Branch by the Additional Secretary on 4th June 1971. DGW indicated in his D.O. dated 9th June 1971 to the Additional Secretary that in his opinion there was no cause for alarm and the defects had occurred due to uneven settlement of the soil and due to lack of certain precautions that should have been taken during execution. It was also indicated by them that DGNP had already been advised how to rectify these defects and at that stage it might not be necessary to appoint a committee of experts to investigate them and if these defects persisted, he would examine them in consultation with the DGNP(V). However, when an 'Engineer Appreciation Report' was received from the DGNP(V) in June 1971, Government took the decision to appoint a committee of experts."

2.23. Referring to the earlier statement made by the Additional Secretary that the soil conditions in the project area were 'treacherous', the Committee desired to know what precautions were taken in this regard. The Chief Engineer of the Project stated in evidence:

> "I would only say that all the normal precautions in driving piles were taken in the sense that when we drive each pile we have to satisfy ourselves that they correspond to the bore hole data and the pile has to be driven in till it does not penetrate the soil any longer. To that extent, the necessary precautions were taken.
>
> Now, after going through the whole process, we can summarise what did really happen. We find that a certain amount of soil seems to have crept in slowly. This is a point which at the earlier stages could not have been anticipated. It was not anticipated that such a phenomenon is likely to happen. This probably is the reason which has given rise to the defects in the building."

The Additional Secretary, Ministry of Defence added in this context:

> "If I may add one more thing for your information, at that time the engineers thought that driving of piles would be quite safe for stability. That means, the piles are driven to a stage of the depth of a rock so that it rests on the rock. Then it is tested to see that there is no further settlement. But, after this experience, they have now started boring piles right into the rock and they are embodied in the rock. We learnt by experience to do that."

Asked whether the necessary expertise for undertaking civil engineering works in clayish soil was available with the project authorities, the witness replied:

> "As far as civil works part of the project was concerned, our engineers had the requisite experience and Government decided that our own engineers should be entrusted with the construction of civil works."

To another question in regard to the qualifications and experience of the official who was in charge of the project, the Director General (Works) replied:

> "I am not quite sure of the exact qualifications he possessed; he is a qualified engineer. He has gone through various civil construction works all over India in different ranks. He is of the rank of Colonel which means he had put in at least about 20 years of service. So, he had considerable amount of civil work experience behind him."

2.24. The Audit paragraph points out that the Technical Committee, constituted in September 1971 to conduct a detailed enquiry into the causes and factors which led to the defects, to fix responsibility therefore and to suggest remedial measures, had, inter alia, observed that the defects might be primarily due to variation of sub-soil conditions from point to point within the same building, which could not be anticipated. The Committee had, however, dealt with certain major and minor defects and while pointing out that the cracks in cross walls had occurred on account of settlement of soil under foundations, had observed that information about allowable pressure based on consideration of settlement should have been obtained from the soil exploration team and used and that clearer parameters could have been laid down in the site investigation contract and definite recommendations insisted upon. The

settlement of the floor had been attributed by the Technical Committee to the consolidation of compressible layers under the floors and the Committee had opined that this could have been anticipated on account of the presence of the soft clay layers as indicated by the bore hole data. In this connection, the Committee were informed by Audit that the Ministry of Defence had stated as follows:

> "In regard to the observation of the Committee that bore hole could have been better positioned it would appear that these remarks do not arise from a thorough examination of the problems. Positioning of bore holes is a matter of judgement which is done by executive at the site. Further, there is always room for flexibility in the interpretations of the bore hole data gained which has to be applied to the surrounding areas. Hence to say that the bore holes could have been better positioned is a matter of opinion. As regards the remark that sufficient information was not made available to the soil investigator this has been challenged by the Director General. He has stated that full information was made available to the soil investigation team and voluminous data had been produced by the two reputed firms to the Director General, Naval Project Organisation. These volumes of soil investigation reports contain all the information required for foundation design."

The Committee also learnt that the Ministry had further stated (September 1973):

> "The Technical Committee have opined that the settlement of the floor is due to consolidation of compressible layers under the floor and this could have been anticipated due to the presence of soft clay layer as indicated by the bore hole data. It may be stated in this context that the CRRI (Central Road Research Institute) Roorkee have carried out a detailed investigation of the Dockyard Area. It is their opinion that in the entire dockyard area all the floors on all the buildings could be expected to settle. Further they have estimated that this sinkage is likely to go over a period of up to 50 years. They have advised that there is no other answer to the problem except to live with it. This opinion is corroborated by the opinion of....Project Report and the opinion of other experts in soil mechanics. With the knowledge available to the Director General during the last two years he has been

forced to accept some settlement in floors, as inevitable and any attempt to eliminate the settlement is likely to result in a disproportionate expenditure in the foundation alone."

2.25. Since it had been stated by the Ministry that the soil investigation reports contained all information required for the design of the foundation, the Committee desired to know why the foundation was not designed after taking into account the sub-soil conditions. The Chief Engineer of the project stated in evidence:

"As a matter of fact, sub-soil conditions were definitely taken into account, but the point to note is that the area over which we are constructing is a very large area comprising 150 acres. Even before the project was taken in hand we entered into a contract and got soil investigations done to the extent of 78 bore holes in the first instance itself. Subsequently, after the Project Report was received. We have sunk over 350 bore holes and obtained the soil report. These bore holes done at the first instance are at some distance from each other. This particular building occupies a small area; the complete thing is extending over a width of 76 metres by 36 metres. The bore hole data give the depth of the rock and the nature of the soil. In this particular case what the Committee has opined is that within small distances there has been a wide variation in the strata. I can say from my experience that at least in two places this is the problem that has confronted me. We find that within a short pile group—and I would stress this point—which occupies an area of about 4 metres by 5 metres, the variation in the depth of rock is between 2 metres and as much as 4 metres. We have consulted the reputed geologists in that area and they ascribe this to, what they call, fault planes and certain ridges which occur. What the Technical Committee has referred to is that there is considerable variation in the soil strata in short areas. Obviously, you will appreciate, every bit of the soil cannot possibly be investigated; we normally take bore holes at a distance of 50 metres or 100 metres and it is not possible to pinpoint every inch of the area."

Asked whether these factors had not been taken into consideration when the site was selected, the witness replied:

"This is the point I am trying to submit. In any project work this is one of the hazards of civil engineeirng because it

is physically not possible to investigate every inch of the area."

To another question whether due care was taken, being aware of the hazards, at least to ensure that the piles were properly driven, the witness replied:

> "All care was taken. Whatever care could possibly have been taken was indeed taken at the time of construction."

He added:

> "To some extent even today we are confronted with the same thing. It is not that what was done four or five years back but even today we have the same problem and I do not think we can act in any different way."

Intervening at this juncture, the Additional Secretary, Ministry of Defence stated:

> "What.....is trying to say is that even in other buildings, in spite of all the precautions which we are taking, due to this subsidence we are still having some of these problems, of course of a minor nature, but we are still not out of the woods because of the treacherous nature of the soil. That is what he is trying to convey. We are taking all possible precautions but in spite of that in some other place some minor cracks have occurred."

2.26. In reply to another question as to why clearer parameters had not been laid down in the site investigation contract, the Chief Engineer of the project stated:

> "The Committee has observed that clearer parameters should have been laid down in the site investigation contract. Frankly, I have, since coming into the project, made a considerable study of this, but I am at a loss to understand as to what the Committee really did mean by that because I have got the tender which was given for the soil investigation. I have gone through the reports. They are in several volumes. To the best of my knowledge, whatever characteristics of the soil that we even now require are available from those reports. I am at a loss to understand what exactly the Committee had in mind. Therefore, I would not be able to comment on this point."

Asked whether all the soil investigation reports were available before the work commenced, the witness replied:

> "The work actually commenced in May 1968. The first contract was completed about the same time the following year. The actual report was physically received a little later. But the essential information, so far as the depth of rock and other information was concerned, was certainly available."

Since it was known that the soil in the area was susceptible to erosion, the Committee desired to know why the question of driving the piles into the rock had not been thought of initially itself. The witness stated:

> "....in 1968 was a completely deserted place. No construction had taken place in that particular area where we are building the dockyard. There was no record of construction earlier from where we could draw comparison. Today if you wish to construct a building in Delhi, there are many buildings from which you know what exactly you have to do. But, unfortunately, in....there was no precedence as to what was to be done. This is a vital point because at that time it was considered and we felt that the type of piling system adopted was adequate. This is not a new type of piling system. This is a type which is being adopted the world over."

Pointing out in this connection that since the soil conditions were known, the safeguards to be taken against possible damage should have been adequately considered, the Committee enquired into the preventive measures, if any adopted. The witness replied:

> "Your point is correct. We have constructed this type of pile foundation in this entire area and in this entire training complex and there are more than 20 different buildings constructed with the same type of piling system. Before this we had driven about 1150 piles and in those piles which had been driven some 1-1/2 years previously we had not found any distress and subsequently also no distress was found. This is something which I must say, was not then anticipated. If engineers felt such an eventuality would be there we would not have gone in. It proved successful. Work was implemented elsewhere. We have adopted different types of piling systems and

there are no hard and fast rules. Any type of piling system has got its own built-in hazards. We have got to accept certain amount of risk in this matter."

2.27. Drawing attention to another observation of the Technical Committee that in a project of this magnitude, a soil and foundation engineer should have been attached to the organisation to advise on the design of proper foundations and that a fully equipped soil laboratory should also be established at site, the Committee desired to know why these obvious requirements had not been provided. The Chief Engineer of the project stated:

"This project commenced in 1968. Any organisation would need some time to start with as we need staff; we have to get officers from different places and this particular building was taken as one of the first buildings. There is no doubt that initially adequate staff was perhaps not available."

He added:

"We made use of the facilities available at the Engineering College in..... And we also made use of the facilities in the College of Military Engineering, Poona. The recommendation of the Technical Committee was that we could have a laboratory. This requirement was subsequently met."

2.28. The Technical Committee had also opined that the floor should have been separated from that portion which was coming on the pile caps and plinth beams by smooth joints and that this could have been provided by the executive or design staff. Asked why this had not been ensured, the Chief Engineer of the Project replied:

"As the Committee has observed, it would have been a better thing that could have been done. I would not like to join issue on that. It is a correct point brought out by the Committee. It could have been done. But the only point I wish to bring to your notice is that the error, as it is, is something in the nature of an error only and has not materially contributed to the major defect which has come up in the building. All that it has caused is the appearance of a crack. If the suggestion which had been given by the Committee had been adopted, there would have been a clear-cut gap of ½ inch or 3/4 inch which would have been left originally in the floor itself. If that had been left, that crack would have

been absorbed. I do agree with the remarks of the Committee. But the point you may like to appreciate is that all that has happened by not taking this precaution is that a crack has appeared."

2.29. Yet another observation of the Technical Committee related to the presence, in the vicinity of the building, of a dredged channel and its flooding in November 1970. The Committee had observed in this regard as follows:

"One of the factors which might have contributed to the settlement and displacement of the piles was the flow of material caused by the presence, in the near vicinity, of a dredged channel and the flooding in November 1970. The flow of sub-soil material could have been prevented by a diaphragm wall. Had the wall been constructed earlier, it would have added to the stability of the building."

The Committee, therefore, enquired why the precaution of constructing a diaphragm wall to prevent the flow of sub-soil material had not been thought of. The Chief Engineer of the project replied:

"I will show you the sketch of that area. This is the sketch. This is the general area in which we are doing the construction. What we have got here is the channel. The entire dockyard is built up around this channel. You will see various buildings coming up all next to the channel. The point I wish to bring to your notice is that there is no doubt that we need to construct a diaphragm wall in front of these various buildings to protect them from erosion from the sea. This is definitely included in the plan for construction. But you will appreciate that this particular wall which is required to be built is extending to a length between 2,500 and 3,000 metres. The construction of such a long wall is something that will take a tremendous amount of time. You will appreciate that such structures are not built overnight. It takes a very long time to construct. For example, we have got this particular length in hand. It is taking about four years to construct. Therefore, point (a) is that it takes time to construct; and point (b) is that the enormity of the job is such that an outlay of several crores of rupees is involved in that."

Asked whether it was necessary to construct the entire length of the diaphragm wall at the same time and whether the buildings under construction could not have been protected as the works progressed by constructing the wall with reference to that particular area alone, the Additional Secretary of the Ministry of Defence replied:

> "This point was considered, and it was a calculated risk that we had to take. If dredging were to be done first and then construction of the diaphragm wall and then buildings, it would take almost 15 years to complete the whole project."

To another question whether it would not have been possible technically to afford greater protection to the building under construction by constructing the diaphragm wall only in the limited area necessary to protect that building, the Chief Engineer of the project replied:

> "It was feasible to construct the diaphragm wall in the first instance and later on take up the building. But the problem it would have involved is that we would, first, have to construct the diaphragm wall which would have taken three or four years. As the Additional Secretary has pointed out, it would have taken quite a long time. I would give the analogy of a similar wall which we have in hand presently, which is taking us not less than four years. If we had waited for the wall to be constructed first, the entire project would have had to be deferred to that extent."

Asked whether the witness had tendered evidence before the Technical Committee, he replied:

> "This was before my time."

2.30. With reference to the statement made by the witness that the construction of the diaphragm wall would have been time-consuming and would have held up the completion of the project, the Committee pointed out that it had not been mentioned by the Technical Committee, which was also composed of competent, technical men, that this would have been time-consuming, and asked whether after the subsidence of the building had taken place, its timely com-

pletion had not, in any case, suffered. The Additional Secretary, Ministry of Defence replied:

> "The building has been put to use. It is not that because the diaphragm wall was not built, the building is not being used."

The Chief Engineer of the project added:

> "You would notice from this map that all these buildings marked 'green' have been completed and have been in use for the last two or even three years. This building also continues to remain in use for the last 1/1|2 years. This diaphragm wall is still in the process of being constructed."

In a note furnished subsequently in this regard, the Ministry informed the Committee as follows:

> "Building No. 25 is presently in occupation and is being put to use for the purpose for which it had been constructed. However, it may be clarified that the South-wing and Central Hall of the building are being so utilised. North-wing continues to be under observation and is expected to be commissioned after the end of this year, when the protection wall in front of the building is expected to be completed. It may, however, be noted that when the building was commissioned, the layout was readjusted and the equipment of the entire North-wing also has been accommodated in the South-wing. The accommodation in the North-wing is now spare and will be utilised for additional facilities projected by the user."

2.31. The Committee enquired into the details of the short-term precautions suggested by the Technical Committee and the expenditure involved on these precautionary measures, if undertaken. In a note, the Ministry of Defence replied:

> "The recommendations of the Committee were considered at a meeting under the chairmanship of Additional Secretary, Ministry of Defence and attended amongst others by the Additional FA, Ministry of Finance (Defence), Director General (Works) AHQ and DGNP. It was accepted that the Southern Annexe and Central Hall might be put to use after carrying out certain additional works and Northern Annexe watched for further subsidence. Action was accordingly taken. The

short term (interim) precautions suggested by the Technical Committee in their interim report were the dismantling of the roof in the dangerous section dismantling of masonry walls and replacing by light weight partition walls cutting the floor along the pile caps to even out the settlement of floors and reduce the load on piles filling under the floors near the columns with under instead of murram and the floor loading as required to come ultimately should be simulated on the Navy Wing. The cost of these works has been intimated as about Rs. 2.73 lakhs. In their interim report the Committee had mentioned that they had been given to understand that some protection work for slip way had been proposed by the DGNP and that these works might be carried out immediately as these would assist in stabilising strata under the building and would check further settlement of foundation. Administrative approval for this work was included in the sanction dated 15-4-1972 for slipway Phase I at an estimated cost of Rs. 78.65 lakhs and works are in progress.

Referring to this reply, the Committee asked whether the protection works sanctioned in April 1972 pertained to the entire project or only to the defective workshop building. The Chief Engineer of the project replied:

"You were referring to the sanction accorded to Slipway Phase I. This particular sanction refers to the protection wall in front of the building only."

To another question whether this, therefore, implied that only the workshop building would derive advantage by these protection works, the witness replied:

"It is more than that because other protection works are simultaneously in progress. Length of 1100 meters to 1200 meters is already under construction and is in a very advanced stage. Length of 210 meters had already been completed in August 1974. Length of approximately 450 meters is presently in progress and is due to be completed some time by the end of next year."

When the Committee pointed out, in this context, that works costing Rs. 78 lakhs had to be undertaken to protect a building costing about Rs. 17 lakhs and asked whether this situation could not have been avoided by driving the piles, ab initio, into the rockbed, the witness replied:

"It is like motor cars coming out of the factory. You do have motor cars which give trouble and you have motor cars

which do not give trouble. We have constructed 1000 piles, a few may be defective in construction. This is not that we are free of our problems."

The Committee desired to know the additional time that would have been required for the construction of this building, if the conventional method of excavating completely for the foundations had been adopted. The witness replied:

"I would only submit that the conventional method of excavation as you normally build a house, let us say, in Delhi, is physically not practicable because the depth to which you have to go is 60 to 85 feet in this particular area."

2.32. In respect of future constructions in the area, the Technical Committee had, inter alia, made the following recommendations/suggestions:

"It is recommended that systematic sequence should be followed for various building operations. It is suggested that user's requirement for various buildings should be ascertained, preliminary design prepared, load on the foundation calculated and then soil investigation on the specific site of the building be carried out. The result of the site investigation should be properly studied and the depth at which the pile should be founded should be worked out with due consideration of the settlement of the compressible layers. Due allowance should be made for the negative friction on piles due to settlement of intermediate soft clay layers, which are common in this area, while working out the load carrying capacity of the pile.

It is essential that where pile foundations are used these should be founded on rocky layers and anchored into the rock as this is available at 20 to 35 M depths throughout the area. In the case of buildings where piles have already been completed and building work is still to be done, confirmatory boring should be done to ensure that the piles are founded on a layer which is not likely to show any settlement according to the calculated capacity of the pile. Further, where these piles are located near the channel and some cut off structure is to be constructed, the structure should be completed before the building is constructed on these piles, so that any effect of possi-

ble flow of sub-soil material occurs before the building is erected."

2.33. The Committee, therefore, desired to know whether these recommendations did not suggest that these precautions could have and should have been taken earlier itself and whether they had been accepted by Government. The Additional Secretary of the Ministry stated:

> "These recommendations have been accepted to the extent it is possible to implement. You will appreciate our anxiety to get this project on the ground as early as possible. If we do not have this project early on the ground, then the....ships cannot be repaired and we have to send them back to....for repairs."

The Committee desired to know the date by which the project should have been completed. The witness replied:

> "Our aim was to start repair of... by middle of next year (1976). That is the firm date. For that Government appointed Steering Committee under my chairmanship with engineers and naval officers and we looked at problems practically every month and whatever decisions have to be given, were given on the spot."

Since the workshop building had been sanctioned in June 1968 itself, the Committee desired to know whether the diaphragm wall, if it had been considered to be of some importance, could not have been taken up in hand simultaneously and completed by the time the building was required. The witness stated:

> "As I mentioned it was not appreciated at that time in 1968. At that time we were just forming an organisation."

A representative of the Naval Headquarters, however, added:

> "Could I amplify what the Additional Secretary had said earlier? ....are expected to have....repairs after.... months,....repairs after....repairs and....repairs after ....repairs. Therefore, we should have had this facility, assuming that the first....arrived by 1968, at the end of ....thereafter. This particular building was in respect of armaments. You will no doubt appreciate that the situation prevailing in the country at that time, and the need to have the....operational, especially with regard

to these armaments. So, we had to go ahead with the construction of the Armaments Repair Shop with a sence of urgency. The point which the Additional Secretary made was in respect of....repairs, which could have waited for five years. But in this particular case, we could not wait as this was the Armaments Repair shop where weapons and other associated systems were supposed to be ready in an emergency."

2.34. In regard to the observations of the Technical Committee that cracks in the cross-walls were due to settlement of soil under foundations and that information about allowable pressure based on consideration of settlement should have been obtained from the soil exploration team and used, the Audit paragraph points out that the Ministry of Defence had, inter alia, stated (September 1973) as follows:

"The cross walls were to be constructed as per detailed machine design and layout of the building. As, however, the piles and plinth beams had already been completed before detailed design was completed, the cross walls had to be constructed on open foundation. There were practical difficulties in completing the design."

The Committee, therefore, desired to know what exactly were the 'practical difficulties' in completing the design and when the design was actually completed. In a note, the Ministry of Defence stated:

" 'By practical difficulties' it was meant that there were three parties involved in taking a final decision on the designs— the Users, the....Specialists and the contractors, and the three parties could not arrive at a final decision regarding the design of the building before the pile foundations were completed. Secondly, the tendency on the part of the.... Specialists and the Users to change the design details also came in the way of taking a final decision on the design. Therefore, it was decided to construct the cross-walls or the partition walls on open foundations without waiting for the complete design details.

As regards the date of completion, the designs were actually completed in March 1970."

Asked what would have been the cost of the foundation had steps been taken initially to eliminate settlement, the Ministry replied:

> "The Dy. DG and CE, Dte GNP has indicated that this question does not arise as the piles were actually driven to the maximum depth as possible at the site."

2.35. The Audit paragraph also points out that the cost of additional works already done and proposed to be done to rectify the defects and make the building suitable for the workshop was estimated as Rs. 14.16 lakhs. The Committee enquired whether these additional works had since been completed and, if so, at what cost. In a note, the Ministry replied:

> "Additional works have been completed during 1971 to 1974. The total cost of additional works (including that on short-term precautions) carried out comes to Rs. 14.07 lakhs. This excludes the provision of a mobile 10-ton crane costing Rs. 3.66 lakhs."

As regards the installation of the mobile crane and the utilisation of the overhead crane, enquired into by the Committee, the Ministry stated:

> "A mobile crane of 10-ton capacity procured for the building is in use in that building. The over-head crane in the building has also since been installed in the building and commissioned. It is being allowed to operate with a capacity of 5 tons."

2.36. According to the Audit paragraph, the contractor (Cementation Co. Ltd.) who had constructed the piles was informed for the first time, in December 1971, that the piles had failed to carry the guaranteed load and was asked to undertake remedial measures. Since the cracks had been noticed in November 1970 itself, the Committee enquired why the contractor had not been informed of this immediately thereafter and asked to undertake remedial measures. The Chief Engineer of the project replied in evidence:

> "The only point I want to bring to your notice in this case is that in late November 1970, the first crack started appearing. In the first instance, the site staff were not very certain as to why these cracks had appeared, the reasons for it. Therefore, we had to wait for a little time and, in time the cracks developed. The site staff was not sitting idle at

that time, because they tried to investigate what could possibly have gone wrong. In fact, we also consulted certain experts like Prof. Katti from the I.I.T., Bombay, C.B.R.I., C.R.R.I., and various other organisations. This investigation took a little time because not every one was absolutely convinced of the cause. Because what did happen in the first instance was that the entire floor started warping. This had nothing to do with the piles, and the doubt in the site staff at the moment was how this had occurred. So, it took a little time, because we mainly felt that this subsidence in the building had been caused due to a certain amount of underground erosion or soil flow from beneath the building towards the sea. This being a general phenomenon, it was not directly connected with the pile contractor. There was no notice sent to the pile contractor in the first instance, but later on, after the Committee met and they felt that in any case it would be in the interests of the Government that we should ask the pile contractor and inform him that a default had been committed by him, accordingly the pile contractor was informed."

2.37. It was only in June 1972 that the contractor had been informed by the Director General, Naval Project, that as the piles had failed to carry the guaranteed load before full load had developed in the building, remedial measures to relieve the extra stress on the piles to avoid further failure had been/were being taken by the department at his risk and expense. The contractor had, however, pointed out, in July 1972, that final certificate of completion of work had been given to him on 19 March 1970 by the department and that there was no obligation on his part to carry out any remedial measures as the maintanance period of 12 calendar months from the date of completion of the work, as per contract, was already over. The Audit paragraph point out that the Ministry of Defence had stated (September 1973) that the Director General, Naval Project, did not take up earlier the question of failure of the piles to carry the guaranteed load as the maintenance period of the piles was already over when the general sinking of the area was noticed. The Committee also learnt from Audit that the Ministry had intimated (February 1974) them, in this connection, as follows:

"The piling work in the building was completed in December 1969. The defects were noticed during December 1970 to March 1971, i.e., after a period of one year after completion of piling. From our records it cannot be readily stated as to when the piling contractor was app-

rised of the defects and asked to rectify the same. The actual position in this regard is being ascertained and this will be intimated early. Director General, Project has, however, intimated that it was not possible to take up question of failure of piles with the contractors as the maintenance period of the piles was already over when the general sinking in the area was noticed. According to Director General, Naval Project even now it has not been possible to establish the real cause of the sinking of the soil in that area. Director General, Naval Project feels that it is difficult to establish responsibility of the piling contractor when a general subsidence in the area is involved."

2.38. Asked whether it has since been ascertained when the contractor was actually apprised of the failure of the piles, the Chief Engineer of the project replied in evidence that this was done in December 1971. Since the completion certificate had been issued to the contractor on 19 March 1970, the Committee desired to know whether the period of maintenance of 12 months was not to be reckoned from that date. The witness replied in the affirmative. The Committee, therefore, desired to know why it was not possible to take up this question with the contractor before March 1971. The witness replied:

"As I have just explained to you, we were not very certain whether the pile contractor was to be held responsible for this particular damage at all, but then, after due consideration and after the Technical Committee also met and recommended that we should take it up, this question was taken up with him, and that was in December 1971."

Asked if this implied that there was some confusion whether the defects were attributable to the contractor's work or to improper designing, the witness replied:

"It is like this. You would have probably studied this entire thing. Two things have happened in this building. One is that the entire area has subsided, the entire floor has warped, and as a result subsidence has taken palce. The contractor has not done any work on the floor itself. What the contractor did was to build the piles. The columns have also titled because of some of the piles having settled. Two things have simultaneously happen-

ed. The question was: how did this phenomenon take place? Has it anything to do with the design of the bulid-ing itself? A committee has gone into it in very great detail and, in fact, they have commented that as far as the superstructure was concerned, because of the good quality of the work done, the building is, in fact, stand-ing; otherwise it might have sustained some more serious damage. Therefore, I would submit that as far as the superstructure was concerned, the quality of workman-ship was more than good, and there was no defect in the design of the building itself."

He added:

"The normal engineering practice in all works of contract is that we ask the contractors that they would be res-ponsible for defects that arose within a period of twelve months and that they have got to rectify them. But in a case of this nature, while I suppose it is not there in the written word, morally the contractor would still be responsible and, I think, it is for this reason that we have taken up this particular case with the contractor and are asking them to make good the loss that we have sustained."

2.39. Since it had been reported by Audit that the matter had not been referred to an arbitrator, as suggested by the Law Ministry, the Committee enquired into the latest position in this regard. In a note, the Ministry of Defence informed the Committee as follows:

"The case was referred for arbitration and an Arbitrator was appointed. But the contractor has gone to court and got and injunction against the arbitration proceedings. The case is still pending in court."

In a note furnished subsequently in this regard, the Ministry stated:

"The case is still pending in the Court and the next hearing is posted to 19th April, 1975."

2.40. The Committee learnt from Audit that the Ministry had stated (September 1973) as follows:

"The Technical Committee have expressed the opinion that by and large there has been no major deficiency in site

investigation, execution or design and that no individual is to be considered to be at fault leading to the present situation. The defects noticed in the building might be primarily due to variation of sub-soil conditions from point to point within the same building and which could not be anticipated. Despite the above remarks, action has been taken as per the advice of E-in-C (Engineer-in-Chief) to call for the explanation of Officer in Charge Planning and Design and Garrison Engineer in charge of the work. How far responsibility could be fixed on these officers is a wide open question because the building has not fallen down, certain portions of the building have been put to use and the balance portion is under observation.

As regards disciplinary aspect of the case relating to the construction of the workshop building, as stated above it has since been decided on the advice of the E-in-C to call for the explanation of the Officer-in-Charge, Planning and Design and the Garrison Engineer-in-Charge of piling work and this is being pursued."

Again, in February 1974, the Ministry had stated:

"In regard to the disciplinary aspect of building No. 25, the Director General, Naval Project was asked as per the advice of E-in-C to call for explanation of the Officer-in-Charge, Planning and Garrison Engineer-in-Charge of the works. It transpires that the Garrison Engineer has given his explanation, but that of the Officer-in-Charge, Planning and Design is awaited. On receipt of the explanation, we would seek the advice of E-in-C for further progressing of the matter."

2.41. The Committee desired to know whether the Garrison Engineer's explanation had since been considered and final action taken and whether the Officer-in-Charge, Planning and Design had since then submitted his explanation. In a note, the Ministry stated:

"The explanation given by the Garrison Engineer was examined by the E-in-C. He has recommended that an unrecorded warning may be given to the Garrison Engineer. This is under the consideration of the Ministry.

The Officer-in-Charge, Planning and Design, has given his explanation. This has also been examined by the E-in-C.

He has recommended that a warning may be given to the Officer. This is under consideration in the Ministry. The Officer retired from service in June 1972."

In another note furnished in this regard subsequently, the Ministry stated:

"As a case is still pending in the court, it has been considered advisable in the interest of the Government to await the court's judgement before finalising the disciplinary aspect of the case as the initiation of disciplinary proceedings for failure in design may vitiate the Government's defence in this case."

2.42. The Committee are perturbed that on account of soil subsidence arising out of variations in the sub-soil condition certain major defects such as cracking of floors and walls, tilting of columns, differential settlements, etc., had developed in a workshop building, constructed, as part of a naval project, at a cost of Rs. 19.04 lakhs (cost of pile foundation Rs. 1.77 lakhs and cost of superstructure Rs. 17.27 lakhs). Though it has been claimed that the variations in the condition of the sub-soil strata could not be anticipated and that 'whatever care could possibly have been taken was indeed taken at the time of construction', the Committee find that the Director General of Works to whom a copy of the report regarding the defects noticed in the building had been sent in June 1971, had clearly observed that the defects had occurred because of the lack of certain precautions that should have been taken during execution. Besides, the findings and recommendations of a Technical Committee, appointed subsequently to conduct an enquiry into the causes of the defects, also seem to suggest that the normal care and precautions which could and should have been taken had been lacking. This has led inevitably to delay in the full utilisation of a building urgently required, and also avoidable additional expenditure which in this case amounted to as much as 74 per cent of the original cost of the building.

2.43. While the Committee are not unwilling to concede that civil engineering construction in a 'deserted' coastal area could conceivably have its own built-in hazards and that it might not, perhaps, have been practicable to determine, by soil investigation, the characteristics and soil conditions of every inch of such an area, they find it difficult to accept the Ministry's contention that there was no comparable construction in the area at that time (1968) from which information in regard to the soil conditions and

foundations could be gathered. The area selected for the location of the naval project can hardly be considered 'deserted' in the context of the considerable marine activity already under way there. It appears, on the evidence and from the observations of the Technical Committee, that there had been some indecision in regard to the design parameters of the building, because of what has been described as 'practical difficulties' in reconciling the divergent views of the specialists who had prepared the project report, the users and the contractors, and also the tendency on the part of the specialists and the users to change the design details. Consequently, the pile foundations had been completed before the design of the building was finalised. These alleged difficulties notwithstanding, the Committee feel that it should have been possible ab initio, to have drawn upon the expertise and services of a panel of experts in the field and the precautionary steps, safeguards, etc. to be taken determined, before embarking on the execution of costly civil engineering works, which needed also to be completed expeditiously. The Committee regret that even such obviously basic pre-requisites as a soil laboratory and a soil and foundation engineer had not been provided sufficiently in advance, despite the magnitude strategic importance of the project.

2.44. According to the Technical Committee, one of the factors which might have contributed to the settlement and displacement of the piles was the flow of sub-soil material caused by the presence, in the vicinity, of a dredged channel and its flooding in November 1970. The Technical Committee, had gone on to observe that the flow of sub-soil material could have been prevented by a diaphragm wall, which, if constructed earlier, would have added to the stability of the building. Admittedly, the need for a diaphragm wall had not been appreciated in the initial stages of the project and when this factor was considered subsequently, a view appears to have been taken that the construction of a diaphragm wall could be time-consuming and would also involve the outlay of several crores. It had, therefore, been decided to take a 'calculated risk' and to proceed first with the construction of the building and to construct the diaphragm wall later on. While it is a moot point whether the building under construction could not have been protected, as the work progressed, by confining the construction of the diaphragm wall with reference to the particular area occupied by that building alone, the Committee feel that, even in the absence of the diaphragm wall (the cost of construction of which would have been disproportionate to the cost of the building), the possibility of soil subsidence in an area which was known to be 'treacherous' could have been

foreseen and guarded against by driving the piles into the rock (which was available at depths of 20 to 35 metres) instead of allowing them to merely rest on the rock bed. It would, therefore, appear that adequate thought had not been given initially to the proper designing of the foundation, which is regrettable.

2.45. These technical aspects apart, the Committee are distressed that there was considerable delay in informing the contractor (Cementation Co. Ltd.), who had constructed the foundation for the building, that the piles had failed to carry the guaranteed load and that he should undertake necessary remedial measures. Though defects in the building had started developing from November 1970 onwards, the contractor was informed of the defects only in December 1971 for the first time and it was some six months later in June 1972, that the contractor was told that remedial measures to relieve the extra stress on the piles to avoid further failure had been/were being taken by the department at his risk and expense. As a result of this long delay, the contractor had put forth the plea that as the maintenance period of twelve calendar months from the date of completion of the work was over, there was no obligation on his part to carry out any remedial measures. This delay has been attributed to the uncertainty then prevailing about the cause of the defects and the extent of liability of the contractor for the defects noticed. In any case, the Committee feel that adequate steps ought to have been taken, as soon as the defects came to notice. Responsibility should, therefore, be fixed for the lapse and appropriate action taken.

2.46. The Committee have learnt that the case was referred to arbitration, on the advice of the Law Ministry, and that the contractor had obtained an injunction in a court against the arbitration proceedings. This seems to be a familiar story which is rather irritating. Where matters stand at present in this regard should be intimated to the Committee.

2.47. Though the Technical Committee have expressed the opinion that, by and large, there had been no major deficiency in site investigation or execution, the Committee would seek some further reassurance in this regard, in view especially of the fact that the contractor (Cementation Co. Ltd.) has come to their notice somewhat adversely in connection with its performance in the Naval Dockyard at another station [vide the Committee's 210th Report (Fifth Lok Sabha)] and in the Mormugao Port [examined in the Committee's 230th Report (Fifth Lok Sabha)].

(b) Storage shed

Audit Paragraph

2.48. Government sanctioned in February 1968 construction of storage accommodation in the same station for storing costly and sophisticated imported equipment. The work was executed by a contractor and the building constructed at a cost of Rs. 4.06 lakhs was taken over on 31st December, 1968. A competition certificate was issued by the Military Engineer Services to the contractor without reservation on 28th February, 1969.

2.49. A storm occurred on 10th May, 1969 causing extensive damage to this building; a part of the building collapsed making it unfit for use.

2.50. A Technical Board which was convened in June 1969 held that the damage was due to the structural design not being strong enough to take the wind loads and also due to poor workmanship by the contractor. The Director General (Works) at Army Headquarters recommended in September 1969 that any rectification/ reconstruction as per the original design should be at the cost of the contractor and that the cost of modifications/strengthening of the structure should be at the cost of Government.

2.51. The contractor who had executed the work disowned (August 1969) all responsibility for the defects on the plea that the building was constructed as per drawings and specifications of the contract under the concurrent supervision of the departmental engineers and that completion certificate had been given to him. Action was then taken by the department in October 1969 to rectify the defects through another agency at the risk and cost of the contractor. The latter refused to pay Rs. 86,063 spent by the department on rectification of the defects and wanted arbitration. The arbitrator awarded (September 1972) Rs. 19,833 only in favour of Government. Apart from the expenditure on rectifying the defects, the department also spent Rs. 47,260 on strengthening of the structure.

2.52. The contractor challenged the award of the arbitrator and filed a suit in October 1972.

2.53. Responsibility for lapses in the design of the structure and for lack of effective supervision of the work had not been fixed till September 1973. The Ministry intimated (September 1973) that the

Director General, Naval Project, had been asked to examine the disciplinary aspect of the case.

[Paragraph 10(b) of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services)].

2.54. The Committee learnt from Audit that the work had been executed by B. Ranga Rao and Partners.

2.55. The Audit paragraph points out that the Technical Board, convened in June 1969, to investigate into the causes leading to the extensive damage to the storage shed, had held that the damage was due to the structural design not being strong enough to take the wind loads and poor workmanship by the contractor. The Committee, therefore, enquired into the circumstances in which the completion certificate had been given, without reservations, in February 1969 and the structural design was not made strong enough to take the wind loads. The Additional Secretary, Ministry of Defence, stated in evidence:

> "I would like to explain a little more; first of all, the first completion certificate was given in December 1968, pointing out a number of defects; these defects were remedied by the contractor and then, in February 1969, the final competition certificate was given. After 3 months, *i.e.*, in May 1969, a cyclonic-storm struck at....and the wind force was as much as 99 kilometres and the roof was blown off. Subsequently a technical committee was appointed to go into it. Their main recommendation is that the design should have been made stronger, they had also said that there was defect in supervision. But my Chief Engineer tells me that what the committee had meant by lack of design capability was that even though the design was capable of withstanding the wind-speed upto 99 kilometres, it could not have withstood a wind-speed of 150 km. He is firmly of the opinion that there was no defect in the design, leading to the glowing up of the roof, in May 1969".

2.56. Since this appeared to be somewhat contradictory from what had been reported as the view of the Technical Board in the Audit paragraph, the Committee desired to know whether the windloads which the Technical Board had referred to were not the loads nor-

mally encountered in that area and not the ideal wind-loads. The Additional Secretary replied:

> "That was also our first common-sense view; but during the discussions with the Chief Engineer, the latter had made certain elucidations."

Elaborating further, the Chief Engineer of the project deposed:

> "I do not know whether you have had a chance to go through the report of the court of enquiry which had investigated the damage.... You have queried as to what exactly the correct position is, in regard to what the technical board had said. I would just explain what it had meant, because I feel that the wording in the Audit para could be slightly different. What the technical board has actually written is that the workmanship on the part of the contractor was deficient or poor. That is the first point. It has gone through the design and has not made any comment on any deficiency in regard to design. However, in its observations, it had the future, presumably, in mind. In this particular instance, as the Additional Secretary had pointed out, there was a wind-force of 99 km. In future, the wind-force might probably be much more, say 200 kms; anticipating the worst, they have said that it may be as much as 200 kilograms per square metre. They have said that in that case, it would cause tension in the masonry of a very high order, which possibly it may not be able to withstand. For the particular wind-force which did occur at the rate of 99 kms., the tension in the masonry was of the order of, say, 1.18 lbs. per sq. inch, whereas the masonry particularly at that time was able to withstand upto 15 to 20 lbs. per sq. inch. In future, if there is a much stronger wind-force, a situation might arise when the masonry would be found weak. I think they had wanted a precaution to be taken."

2.57. The Committee desired to know the wind speeds normally encountered, in cyclonic weather, in that area and whether the design catered to these speeds. The Additional Secretary replied:

> "During cyclonic storms the wind-force can go upto 200 kms. per hour. It is probably because of the anticipated wind-force in a cyclonic storm that this committee has said so".

In a note furnished subsequently, in this regard, the Ministry of Defence stated as follows:

> "The design of the building as constructed was strong enough to take a wind-load which occurred during the storm. However, the Technical Board had expressed the opinion that the masonry would not have been strong enough to take the wind-load of 200 km. per square metre which means a wind-speed of 200 km. per hour. What wind-load should be provided for is a matter of opinion and there was a difference of opinion between experts in the field. However, in view of the fact that the damage suffered by the building was not due to the structural design of the masonry not being strong enough, this point may not be pursued further."

2.58. A copy of the proceedings of the Technical Board of Officers, appointed to investigate into the circumstances in which damage had been caused to the storage shed, was furnished, at the Committee's instance, by the Ministry of Defence. The Committee found from the proceedings that the Board had made the following recommendations:

> "(a) The damage to the newly constructed store shed has been due to:
>
> (i) the structural design not being strong enough to take the wind-loads,
>
> (ii) poor workmanship by the contractor.
>
> (b) *Contractual position*: In case of normal collapse of building within the maintenance period, it is the contractor who must undertake to re-erect the damaged portion and no responsibility lies with the Government. In this particular case there were two contributory factors which resulted in the collapse. One is the inadequate design to withstand the wind-loads. The other is the contractor's fault in producing sub-standard work. It is difficult to apportion the cost of rectification on account of these two lapses. Any rectification/reconstruction as per the original design should be at the cost of the contractor. Cost of only modifications/strengthening required should be met by the Government.

(c) *Responsibility for repair*: It is recommended that the shed be repaired through the agency of DGNP. This will avoid contractual complications that may arise if another agency was employed to carry out rectification|reconstruction."

From the 'Engineer Appreciation of Failure and Damage' made by the Board, the Committee found that the Board had, *inter alia*, observed as follows:

"From the observations of the damage that has occurred to the storage shed, the Technical Board is of the opinion that the structural failure has occurred in the following sequence:

Under the high velocity of 99 km|hr. reached during the gale on 10th|11th May 1969, the sheets were the first to be blown off. Some of the J-bolts were seen to have straightened out. The purlins were the next structural members to get lifted off the trusses under the suction pressures and thrown away due to the following causes:—

(a) The purlins were not adequately fixed to the truss cleats as already stated above. In some places, there was no fixing with nails and they were simply resting against the cleats.

(b) the purlins resting on the walls were not properly anchored with bed blocks and holding down bolts. As a result, the purlins got uprooted from the trusses. This view is amply corroborated by—

(i) Exhibit 10 which shows the lifting of the purlins of the wall leaving gaps.

(ii) Exhibit 12 which shows absence of nailing marks on the cleats as well as inadequate and improper workmanship in fixing of the purlins to the cleats by nails.

The lifting of the purlins left the trusses unsupported and unbraced and directly exposed to the push of the squall. Further, there was no laternal bracing provided though this is the normal sound engineering practise. As a result, wherever the purlins were uprooted, the trusses became unsupported laterally and were dragged down by the falling purlins, getting the chain of reaction *viz.*

trusses were uprooted from the bed blocks, dragging down the masonry pillars in turn marked 1 and 2 in the plan. Thus the root cause of this failure is the uplifting of the purlins, due to improper fixing of the purlins. This view is also reinforced by the fact that inside the shed, where the purlins have been uprooted only on one side of the truss but are intact on the other side, the trusses are still standing."

As regards the defects in design, the Technical Board had observed that from the calculations for the structural stability of the pillars, it was found that the maximum tensile stress in the masonry pillar was of the order of 43 lbs|sq. in. taking the wind pressure of 200 kg|sq.m. (IS Code 875—1964) and had stated:

"Though the present Indian Code IS 1905 of 1961 'Code of Practice of Masonry' does not allow tensions in masonry, the new draft code under circulation permits tension of 1 kg|sq. cm. i.e. 14.27 lbs.|sq. in. Also the British Publications permit the tensile stress of 15 lbs. to 20 lbs.| sq. in. It is, therefore, considered that for the open shed, the designer has taken the risk by providing pillars in masonry which is weak in tension. The tensile stresses were such that masonry could not have withstood the same."

2.59. With reference to the observations of the Technical Board, the Additional Secretary of the Ministry of Defence stated during evidence:

"From Government side, we admit that there was defect in design and also defect in execution. We admit both and we have already asked the Director General, Naval Project, to obtain the explanation of the then Chief Engineer who had given the technical sanction of this project. And as far as defect in the execution is concerned, even though the contractor pleaded that he should not be blamed but the Arbitrator made an award of Rs. 19,000|- against him."

2.60. As regards the issue of the completion certificate to the contractor, the Ministry of Defence, in a note furnished to the Committee stated:

"A completion certificate is given on the physical completion of a building. In the case under consideration, the com-

pletion certificate was followed by rectification list and the contractor was responsible for rectification and maintenance during maintenance period. In view of the opinion expressed by the Technical Board that the workmanship of the building was poor and also in view of the Additional Secretary's statement that he will call for the explanation of the officers concerned, necessary action is being taken to obtain the explanation of the Garrison Engineer."

2.61. In reply to another question as to why the poor workmanship had not been detected during concurrent supervision by the project authorities, the Ministry stated:

"This point will doubtlessly be clarified on receipt of the explanation of the Garrison Engineer."

2.62. Since it had been stated by the Additional Secretary, Ministry of Defence, that the Director General of the Project had been asked to obtain the explanation of the then Chief Engineer who had given the technical sanction for this work, the Committee enquired into the action taken in this regard. In a note, the Ministry of Defence replied:

"The technical sanction to the building was given by the then Director General, Rear Admiral C. L. Bhandari, who has since retired from service. Explanation of the then Col. (P&D) is being obtained by DGNP who was directed to do so."

2.63. According to the Audit paragraph, the defects in the building had been rectified, at the contractor's risk and cost, at a cost of Rs. 86,063. The contractor (B. Ranga Rao & Partners) had, however, refused to pay this amount and had gone in for arbitration. On the Committee enquiring into the constituent elements of this claim of Rs. 86,063, the Chief Engineer of the project replied in evidence:

"The ACC roof which was blown off was replaced and that was the cost."

2.64. Asked whether the building was in sound condition after the rectification of the defects, the Ministry, in a note, replied:

"The building is in good condition after the rectification of the defects and is in use since 15 May 1970."

2.65. As regards the present position of the arbitration award, enquired into by the Committee, the Ministry stated:

> "The petitioner, *viz.*, M|s. B. Ranga Rao & Partners have challenged the award of the arbitrator and the case is posted for hearing on 23rd July 1975 in the Court...."

2.66. In paragraphs 2.84 and 2.109 of their 19th Report (Fourth Lok Sabha), the Committee had commented upon instances of lapses in working out the technical requirements of works and had recommended, inter alia, that the relevant authorities should take steps to ensure that technical sanctions were accorded only after an examination of all aspects of a project. The present case under examination is one more instance of defective construction of storage accommodation, which has been attributed by a Technical Board to the structural design of the building not being strong enough to take the wind-loads and also to poor workmanship by the contractor (M|s. B. Ranga Rao & Partners).

2.67. As regards the inadequacy of the structural design pointed out by the Technical Board, it was contended by a spokesman of the project that there was no defect in the design and that the Technical Board presumably had the future in mind while making its observations. The Committee are, however, unable to accept this contention. In view of the fact that the area was known to be cyclonic and the wind-force, during a storm, could be admittedly very high, the Committee are of the view that this factor should have been taken into account while finalising the design of the building and the masonry made strong enough to withstand the anticipated wind speeds in the area. Besides, from a perusal of the proceedings of the Technical Board, the Committee find that there is no ambiguity in the Board's findings, which has clearly stated that the tensile stresses were such that the masonry could not have withstood them and that the designer had taken a risk by providing pillars in masonry which were weak in tension. It is, therefore, evident that the design of the building was defective.

2.68. The Additional Secretary of the Ministry has been good enough to admit that the design and execution have both been defective and has informed the Committee that the Director General of the Naval Project had been asked to obtain the explanation of the officers concerned. Considerable time having elapsed since then, the Committee trust that the process would have been completed by now and would like to be apprised of the outcome and the action.

if any, taken against the officers found responsible for the defective design as well as laxity in supervising the contractor's work.

2.69. The Committee note that the defects in the damaged building had been rectified, at a cost of Rs. 86,063, at the contractor's risk and expense, and that the case had been referred to arbitration at the contractor's instance. Though the arbitrator had awarded a sum of Rs. 19,833 only in favour of Government, the award has been challenged by the contractor in a court. The Committee would like to be informed of the present position of this case and if it is still pending in a court of law, they would urge Government to ensure its expeditious disposal.

III

EXCESS PAYMENT OF ELECTRICITY CHARGES

Audit Paragraph

3.1. After a case of excess payment of electricity charges for September 1965 to May 1966 came to notice, instructions were issued by the Army Headquarters in December 1967 that the peak load requirements should be assessed realistically in future and the peak load requirements already intimated to the suppliers should be examined at all stations on the basis of actual requirement. Despite these instructions, the following cases of excess payment of electricity charges came to notice.

3.2. An agreement entered into by the Chief Engineer of a command with an electric supply company for bulk supply of electricity to the Armed Forces Medical College at a station from November 1963 was for a contract demand of 312.5 K.V.A. (i.e. the maximum K.V.A. for which the company undertook to provide facilities from time to time). The agreement was to remain in force for a minimum period of seven years, and was renewable thereafter on year to year basis. According to the agreement the contract demand could be increased but not reduced. The contract demand of 312.5 K.V.A. was increased to 625 K.V.A. by the Military Engineer Services authorities in 1966, when the State Electricity Board took over electric supply from the electric supply company, keeping in view the works in progress and a proposed hospital complex. Actually, the recce-cum-siting board for the proposed hospital complex was held only in December 1967 and preliminary planning for the complex is still in progress (December 1973).

3.3. As per tariff of the State Electricity Board electricity charges were to be the highest of the following:—

(i) recorded maximum demand for the month concerned;

(ii) 75 per cent of the contract demand;

(iii) minimum demand i.e. 50 K.V.A.

3.4. Accordingly, the State Electricity Board billed for 469 K.V.A. (75 per cent of the contract demand of 625 K.V.A.) from April 1966 although the recorded maximum monthly demand was between 220

to 230 K.V.A. (average) during April 1966 to April 1972. The amount paid in excess upto April 1972 due to increase in the contract demand in 1966 was Rs. 1.74 lakhs. The contract demand was reduced to 300 K.V.A. from May 1972.

3.5. A Board of Officers, which was assembled in May 1972 to investigate into the matter, found that the basis for increase of contract demand from 312.5 K.V.A. to 625 K.V.A. was not traceable, and, therefore, it could not fix responsibility for the unrealistic assessment of the contract demand. The Board also observed that the agreement for the increased contract demand from April 1966 was signed only in August 1971 and that the excess payment could have been avoided had this agreement been concluded in time as the State Electricity Board, which was approached by the Military Engineer Services in December 1967 for reduction in the contract demand, had intimated that the request would be considered only after execution of the agreement for contract demand of 625 K.V.A.

3.6. The Ministry of Defence intimated (December 1973) that:—

(i) the agreement was executed on standard form of the State Electricity Board which was not required to be scrutinised|approved by the Controller of Defence Accounts|Legal Adviser;

(ii) the agreement to give effect to increased contract demand effective from April 1966 was executed only in August 1971 due to procedural difficulties; and

(iii) action was under way for regularising the loss of Rs. 1.74 lakhs and a Court of Enquiry had been ordered in November 1973 to probe into the matter.

3.7. Electric supply for the Defence Services laboratories at another station was being obtained from November 1965 from the State Electricty Board at 200 K.V.A. for laboratory 'X' and 250 K.V.A. for laboratory 'Y', on the basis of the requirements intimated by the laboratories. These supplies being temporary ones were obtained on requisition and not by concluding regular contract agreements. As per the tariff of the State Electricity Board for temporary services, the electricity charges were to be the highest of the following:

(i) contract demand (i.e. 200 K.V.A. for laboratory 'X' and 250 K.V.A. for laboratory 'Y');

(ii) maximum demand registered by the meter for the month; and

(iii) average of the maximum demands registered by the meter for the preceding twelve months.

3.8. Accordingly, the State Electricity Board billed for the full contract demands for these two laboratories although the recorded maximum demand did not exceed fifty per cent thereof during March 1969 to February 1972. Thus Rs. 1.68 lakhs were paid in excess as electricity charges due to unrealistic assessment of the power requirement of the two laboratories.

3.9. The Ministry intimated (December 1973) that:—

(i) "since the laboratories were developing, it was not possible to reduce the contract demands as users were persistently against any reduction from the very beginning";

(ii) "no timely action appears to have been taken by the Military Engineer Services authority after December 1968 to reduce the contract demand when the actual/revised requirements of the Research Laboratories became known"; and

(iii) the Chief Engineer of the command was asked in August 1973 to arrange a Staff Court of Enquiry to enquire, into the lapses, pinpoint responsibility and suggest remedial measures.

[Paragraph 16 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services)]

3.10. In regard to the first case commented upon in the Audit paragraph, the Committee learnt from Audit that the Ministry of Defence had stated (February 1974) that the Chief Engineer concerned had confirmed that no agreement was entered into with the Maharashtra State Electricity Board in 1963 for the supply of 312.5 KVA of electrticity. The Committee, therefore, desired to know the basis on which power was being supplied in the absence of an agreement and how the contract demand of 312.5 KVA became enforceable without any scope for reduction. In a note, the Ministry of Defence informed the Committee as follows:

"MES had entered into an agreement with Poona Electric Supply Company in May 1958 for supply of electricity with effect from November 1956. When the Maharashtra

State Electricity Board took over the affairs of Poona Electric Supply Company, it continued the supply of electricity to the MES on the basis of the aforesaid agreement till a fresh agreement was executed between the MES and MSEB 312.5 KVA was the minimum demand chargeable as per agreement with Poona Electric Supply Company."

Explaining, at the Committee's instance, the basis on which the original contract demand of 312.5 KVA had been fixed, the Ministry stated that this demand was based on the minimum load that could be contracted for High Tension bulk supply as per the rules prescribed by the Pune Electricity Supply Co.

3.11. The Committee enquired into the circumstances in which the contract demand of 312.5 KVA had been increased to 625 KVA in 1966. In a note, the Ministry of Defence replied:

"The contract demand of 312.5 KVA was increased to 625 KVA due to anticipated additional load as indicated below:—

Existing load then	120 KW	
For 3 Cold Storages	90 KW	
Load for Officers Mess	50 KW	
Air Conditioning in Blood Plasma Unit	25 KW	Anticipated additional load
Dental Training Wing	30 KW	
Load for under-Graduate College	150 KW	
TOTAL	465KW	

Applying a diversity factor of 1.5, the maximum demand for all the loads in Armed Forces Medical College as indicated by the Garrison Engineer, works out to 310 KW approximately. However, in the application made by the Garrison Engineer to the Pune Electricity Supply Co. on 18-4-1963, it was erroneously indicated by him that a further load of 350 KW would be required in addition to the existing load of about 150 KW *i.e.* a bid for 500 KW in lieu of 350 KW was made and the same was sanctioned by Government of Maharashtra in July 1963."

3,12. Though the contract demand had been increased keeping in view the construction of a proposed hospital complpex, the

Audit paragraph points out that the recce-cum-siting board for the proposed complex was held only in December 1967 and that preliminary planning for the complex was still in progress in December 1973. The Committee, therefore, asked why the demand was increased even before the recce-cum-siting board for the hospital complex had met. In a note, the Ministry replied:

> "There is nothing on record to elucidate as to why the contract demand was increased prior to assembling of the Sitting Board for hospital complex. Presumably, the demand was projected as soon as it was visualised through it took much longer to materialise than anticipated."

In this connection, the Committee were also informed by Audit that the Ministry had intimated, in February 1974, that planning on this project at the Armed Forces Medical College was still in progress and that Government sanction for acceptance of necessity for the project was still awaited. Asked whether the hospital complex has since been sanctioned, the Ministry informed the Committee, in a note, that this had not yet been sanctioned.

3.13. Although the recorded maximum monthly demand (average) was only 220 to 230 KVA during April 1966 to April 1972, the State Electricity Board had, according to the prescribed tariff, billed the Armed Forces Medical College for 469 KVA (75 per cent of the contract demand of 625 KVA) from April 1966. The Committee, therefore, enquired when it was first noticed that the maximum monthly demand was far less than 625 KVA and when this matter was first taken up with the Electricity Board in a note, the Ministry of Defence replied:

> "The maximum demand had invariably been less than 625 KVA but no notice was taken of the same by the Garrison Engineer since the billing continued to be based on the contract demand of 312.5 KVA. It was only in December 1967 when the Maharashtra State Electricity Board billed on the basis of the revised demand of 625 KVA retrospectively w.e.f. 1 January 1966, the matter was taken up with the above Electricity Board".

3.14. Since the contract demand had been reduced from 625 KVA to 300 KVA from May 1972, the Committee desired to know the maximum monthly demand from May 1972 onwards. The informa-

tion furnished in this regard by the Ministry of Defence is tabulated below:

(Figures in KVA)

Month	1972	1973	1974
January	..	215	170
February	..	210	210
March	..	235	250
April	..	280	260
May	250	268	280
June	275	300	270
July	240	250	260
August	225	235	240
September	210	250	230
October	265	255	230
November	230	205	230
December	240	200	200

3.15. The Committee desired to know whether the consumer in this case was entitled to any proportionate rebate in the tariff if the consumption went below the contract demand on account of power cuts. In a note, the Ministry of Defence stated:

> "The agreement does not cater for power cuts as they were not visualised then. There were no power cuts imposed by MSEB and therefore the question of proportionate rebate did not arise."

3.16. The Audit paragraph point out that a Board of Officers, assembled in May 1972 to investigate into the matter, had found that the basis for the increase of the contract demand from 312.5 KVA to 625 KVA was not traceable and, therefore, it could not fix responsibility for the unrealistic assessment of the contract demand. The Committee also learnt from Audit that the Board had, however, observed, *inter alia*, that though this information was not traceable in the records available with the commander Works Engineer, the Garrison Engineer or the Assistant Garrison Engineer concerned, it had, however, come to light, on liaison with the Maharashtra State Electricity Board, that the application for the increase in contract

demand was signed by the then Garrison Engineer, Poona on 18 April 1963. Since the Board had held, despite this evidence, that the responsibility for the unrealistic assessment of the contract demand, resulting in an infructuous expenditure of Rs. 114,231, cannot be pinpointed the Committee desired to know whether the Garrison Engineer who had signed the application in 1963 had been asked to indicate the basis on which he had applied for the increase and, if so, what his explanation was. In a note, the Ministry stated that the Garrison Engineer had since expired and that from the deliberations of a subsequent Court of Inquiry, convened in November 1973, it could, however, be seen that the contract demand had been increased in April 1963, as per the details earlier indicated in paragraph 3.11.

3.17. Since the application for the increase in the contract demand was apparently made in April 1963 itself, the Committee desired to know why the increase was given effect to only from April 1966. In a note, the Ministry of Defence stated:

> "After the application for increase was submitted in April 1963, the Government of Maharashtra gave their approval in July 1963 for the increased maximum demand subject to conclusion of a contract with Maharashtra State Electricity Board to that effect. Maharashtra State Electricity Board, however, gave effect to the increased demand from January 1966 and raised revised bills in December 1967 with retrospective effect from January 1966 as the conclusion of the contract agreement was still under progress at that time."

3.18. Asked whether the application made in April 1963 had stated that the increase from 312.5 KVA to 625 KVA should take effect from April 1966, the Ministry replied in the negative.

3.19. The Board of Officers (May 1972) had also observed that the agreement for the increased contract demand from April 1966 was signed only in August 1971 and that the excess payment could have been avoided had this agreement been concluded in time as the State Electricity Board, which was approached by the Military Engineer Services in December 1967 for a reduction in the contract demand, had intimated that the request would be considered only after the execution of the agreement for the contract demand of 625 KVA. With reference to the reply furnished in this regard by the Ministry of Defence to Audit in December 1973, the Committee enquired into the procedural difficulties involved in signing the agreement on account of which there had been a delay of more

than five years. In a note, the Ministry of Defence replied as follows :

"Poona Electric Supply Company handed over their business to the Maharashtra State Electricity Board in November 1963 due to which it was required to enter into a fresh agreement, as per the legal opinion obtained from the Joint Secretary and Legal Adviser to the Government of India in July 1964. The Garrison Engineer, Pune initiated a case for the fresh agreement in October 1964 by sending a draft agreement to Maharashtra State Electricity Board. The draft agreement was based on the connected load of 250 KW. The draft agreement was received back by Garrison Engineer, Pune from the Maharashtra State Electricity Board in March 1965 with an advice to re-submit the draft agreement on the standard form of Maharashtra State Electricity Board which was complied with by the Garrison Engineer in July 1965. It was sent to Headquarters, Maharashtra State Electricity Board at Bombay for their approval. Later on, two copies of the draft agreement were called for by the Deputy Chief Engineer, Maharashtra State Electricity Board which the Garrison Engineer, Pune submitted on 4-12-1965. The matter relating to early finalisation of the draft agreement remained under correspondence between Commander Works Engineer/Garrison Engineer and Maharashtra State Electricity Board authorities. In order to expedite the matter, a meeting was held with the Deputy Chief Engineer, Maharashtra State Electricity Board in March 1967. The Deputy Chief Engineer, Maharashtra State Electricity Board informed the Garrison Engineer, Pune that bulk supply would be given at single point in lieu of three independent points at Armed Forces Medical College, Military Hospital and Chest Diseases Hospital for which the Garrison Engineer asked the Maharashtra State Electricity Board for their written confirmation to this effect which the Deputy Chief Engineer Maharashtra State Electricity Board conveyed in April 1967. In May 1968, the agreement form was revised by the Maharashtra State Electricity Board and the Deputy Chief Engineer, Maharashtra State Electricity Board asked the Garrison Engineer to forward single draft agreement for all the three points on their revised form. Meanwhile, a decision from Headquarters, Maha-

rashtra State Electricity Board, Bombay was received in July 1969, according to which three separate agreements were to be concluded instead of one as previously asked for by the Maharashtra State Electricity Board. Also, an agreement for Armed Forces Medical College where high tension supply was given by the former licensee (Pune Electric Supply Company) was to be executed on one type of the form and for other two supply points at Military Hospital and Chest Diseases Hospital, it was to be concluded on another type of form. Accordingly, the Garrison Engineer, Pune forwarded copies of the draft agreement for the Armed Forces Medical College for the approval of Chief Engineer, Pune and Rajasthan Zone in November 1969 for approval. In December 1969, one of the conditions of the draft agreement was revised by the Maharashtra State Electricity Board. In April 1970, the Chief Engineer, Pune and Rajasthan Zone approved the draft agreement and returned the same to the Commander Works Engineer for submission of final copies of the said agreement. The matter remained under correspondence among the Garrison Engineer/Commander Works Engineer/Chief Engineer, Pune and Rajasthan Zone. In July 1971, final copies of the agreement along with connected documents were sent to the Chief Engineer, Southern Command. The agreement was signed on 25-8-1971 and distributed to all concerned.

The following were the procedural difficulties which were encountered by the Military Engineer Services Organisation in finalising the contract agreement with the Maharashtra State Electricity Board:

(i) The draft contract agreement was submitted by Garrison Engineer, Pune to the Maharashtra State Electricity Board on the form used by the Pune Electricity Supply Company, but this was not found acceptable by the Maharashtra State Electricity Board and they evolved a new standard form for this purpose.

(ii) The Deputy Chief Engineer, Maharashtra State Electricity Board decided in March 1967 that the supply would be given at single point in lieu of three independent points *viz.* Armed Forces Medical College, Military Hospital and Chest Diseases Hospital. Later on, this was

not agreed to by their Headquarter at Bombay and three separate draft contract agreements had to be initiated.

(iii) Initially one type of the form was used by the Military Engineer Service authorities for all the three draft contract agreements but later on it was decided by the Maharashtra State Electricity Board to execute separate contracts for supply point at Military Hospital and Chest Diseases Hospital on one type of the form and for Armed Forces Medical College on the other type."

3.20. Asked whether the loss in this case had since been regularised, the Ministry replied:

"The loss has not yet been regularised, as the recommendations of the General Officer Commanding-in-Chief, Sorthern Command are still awaited. After examining the Audit para in the E-in-C's Branch they asked the Chief Engineer, Southern Command in August 1973 to approach staff authorities concerned to convene a Staff Court of Inquiry to investigate into the lapses pointed out in the Audit para.

The Court of Inquiry was ordered by the HQ. Pune Sub Area, Pune on 7-11-1973 to investigate irregularities and the Court of Inquiry assembled on 29-11-1973. As the Presiding Officer of the Court of Inquiry was posted out of the station, another Presiding Officer was appointed. This officer also could not proceed with the Court of Inquiry as he was due for retirement shortly. The third officer was, therefore, nominated and the Court of Inquiry finally assembled on 8-5-1974. The Court of Inquiry proceedings were finalised and submitted to the Hqrs. Sub Area, Pune by the Presiding Officer on 31-5-1974. The Commander, Headquarters Pune Sub Area endorsed his recommendations on 8-6-1974 and forwarded the same to Headquarters Maharashtra and Gujarat Area. The General Officer Commanding Maharashtra & Gujarat Area endorsed his opinion on the findings of the Court of Inquiry on 17-9-1974 and these proceedings are presently lying with the General Officer Commanding-in-Chief, Southern Command for his recommendations after which the action to regularise the loss and proceed against the delinquent officials will be taken as recommended."

3.21. Subsequently, the Ministry made available to the Committee, a copy of the findings/recommendations of the Court of Inquiry (reproduced in Appendix I), which had opined as follows in regard to the case of excess payment of electricity charges at the Armed Forces Medical College, Poona, commented upon in the Audit paragraph :

"(i) The agreement with PESCO for 250 KW demand justified as this is the minimum the company would agree to contract.

(ii) Subsequently, based on the statement of consumption, there is no justification in applying for an additional demand of 350 KW.

(iii) Necessary requests were made in December 1967 and again in December 1969 for reducing the demand at first to 400 KVA and later to 300 KVA. Even if these requests had been made earlier, it is unlikely to have had any result in reducing the billing changes. This is due to the adamant attitude of MSEB of insisting on the agreement being first signed and then considering any reduction. Thus in order to ultimately reduce the contract demand to 300 KVA, the agreement was finally signed in August 1971 for a contract demand of 625 KVA as insisted on by MSEB. This finally resulted in MSEB considering and reducing the contract demand to 300 KVA in May 1972.

(iv) The total loss involved in the excess expenditure incurred is Rs. 1,83,946.40 (from January 1966 to April 1972).

(v) It is not possible at this stage to pin-point the responsibility. This is because:—

(aa) records justifying the increase of electricity demand to 625 KVA in 1963 are not available;

(bb) the large number of officers involved from the number of officers, have either retired/expired/not in the station;

(cc) the time that has expired (since August 1962) is too long for any individual to recapitulate the reasons for extra demand in 1963 in the absence of any record;

(dd) instructions contained in Army Hq., E-in-C's Br. letter No. 29066/68/E4 dated 23 December, 1967 were complied with in December 1967 and again in December 1969, requests were made to MSEB to reduce the contract demand initially to 400 KVA and again to 300 KVA."

These findings of the Court had also been endorsed by the Commander, Poona Sub-Area, General Officer Commanding, Maharashtra and Gujarat Area and the General Officer Commanding-in-Chief, Southern Command. The GOC, M&G Area had also recommended that as it was not possible to fix responsibility on any individual, the entire known loss amounting to Rs. 1,83,946.40 be borne by the State.

3.22. In order to avoid such excess expenditure in future, the Court of Inquiry had also suggested the following remedial measures:

"(a) For any project the realistic estimate arrived at for power consumption must be related to the time factor *i.e.* future requirements in phases of pre-determined dates.

(b) Any agreement must provide for an addition/reduction in power requirement with a stipulated notice period. If necessary, the minimum/maximum of addition/reduction at any one time may be stipulated. But under no circumstances should the agreement be one sided wherein only the producer benefits while the consumer suffers.

(c) At laid down periodical intervals the actual consumption must be taken cognisance of by appointed individuals in order to apply for any change in supply, if desired, in time.

(d) Legal Government service available must be made use of when necessary to safeguard the interest of consumer. As brought out in the present case, MSEB insisted on the agreement being signed first before considering any reduction in the contractual demands. The agreement took almost seven years to be signed. Legal Government opinion could have been obtained during this period of time which is likely to have resulted in less excess expenditure'.

3.23. As regards the regularisation of the loss, the Ministry informed the Committee (February 1975) that the loss had not yet been regularised and added:

"The matter has been taken up with Maharashtra State Electricity Board for refund of excess charges of electricity. In case of their denial, the case will be referred for arbitration. On completion of this action, loss statement for the amount in question will be initiated".

3.24. In respect of the second case reported in the Audit paragraph, the Committee learnt from Audit that the Ministry of Defence

had stated in this connection as follows:

> "Electricity was received for both the laboratories from Andhra Pradesh State Electricity Board from September 1965. As regards the maximum demands, the user wanted 200 KVA and 250 KVA for DMRL and DPML respectively. As the users were expecting equipment and materials from abroad no details of the connected load were given by them. These maximum demands were communicated to State Electricity Board in September 1965."

3.25. Since the supplies in this case, being temporary ones, were being obtained only on requisition and not by concluding regular contract agreements, the Committee asked whether it was not possible to revise the contract demands for these temporary supplies from time to time after making a realistic assessment on the basis of past consumption and the likely increase in future consumption. In a note, the Ministry of Defence replied:

> "As per the tariff of Andhra Pradesh State Electricity Board, 12 months' notice was required for reduction of demand. Similarly, a period of 12 months was required for increase of demand. In case, a reduction was to be effected, the requisite notice of 12 months period was to be given. As the materials were estimated by the laboratories authorities concerned to arrive at any moment, the users were anticipating increase in their production which prevented them from letting any reduction in maximum demand being made because any reduction of demand and its subsequent increase was likely to entail delay of a minimum of 12 months period which was not acceptable to the users for the expanding laboratories."

3.26. The Audit paragraph points out that the Ministry of Defence had, *inter alia*, intimated in December 1973 that "no timely action appears to have been taken by the Military Engineer Services authority after December 1968 to reduce the contract demand when the actual revised requirements of the Research Laboratories became known. In this connection, the Committee were informed by Audit that the DMRL had informed the Garrison Engineer in May 1968 as under:

> "....this is to confirm that our maximum demand for the year 1968-69 will be 100 KVA. The main reason for the low consumption of power is the shortage of raw materials

required for production of one of the items namely Nose cones in the powder metallurgy plant. We will be reviewing the power demand towards the end of the year when the picture regarding the activities of the plant will become clear. Any change in the maximum demand will be intimated to you well in advance to enable you to take up the matter with the Andhra Pradesh State Electricity Board."

The Committee were also given to understand by Audit that the Laboratory had subsequently (December 1968) informed the Garrison Engineer as follows:

"The raw material for the production of AP shots have since been received and full power of 150 KVA to 160 KVA will be utilised during 1969-70. The consumption of power is not likely to decrease from 1969-70 onwards as the plant will be in regular production."

3.27. The Ministry of Defence furnished, at the Committee's instance, the following details in regard to the actual revised requirements of the two research establishments from time to time:

(In KVA)

Laboratory	Revised requirement intimated by users	Date	Actual demand recorded	Date
DPML	160	February 1968	62·5	February 1968
	100	May 1968	74·5	May 1968
	160 (1969-70)	December 1968	84·30	Average for 1969-70.
DMRL	174	November 1967	126·50	November 1967.

3.28. The Committee desired to know the details of the recorded maximum demands (i) prior to March 1969 and (ii) after February 1972 and of the extent of overpayment of electricity charges for the periods (i) September 1965 to March 1969 and (ii) March 1972 to

March 1974. The information furnished in this regard by the Ministry is tabulated below:

A. MAXIMUM DEMAND RECORDED (In KVA)

Period	DPML	DMRL
Prior to March 1969	121·5 (January 1969)	192 (September 1968)
After February 1972	NILL*	78·5 (March 1972)

*Supply of electricity disconnected in February 1972.

B. OVERPAYMENT (In Rupees)

Period	DPML	DMRL
November 1965-February 1969	62,125	NIL
March 1972—November 1972	NIL	21,096

NOTE :—No excess payment before November 1965 and after November 1972.

3.29. Asked whether the load requirement of the laboratories had since then been revised and, if so, the revised demands had been intimated to the State Electricity Board, the Ministry replied:

> "The overall load requirement was finalised and on agreement with Andhra Pradesh State Electricity Board was concluded on 6th February, 1972 with a maximum contract demand of 1000 KVA (with effect from July 1972). It was subsequently increased to 1400 KVA in December 1973. Further distribution to various laboratories is being done by Military Engineers Service."

3.30. Since the Chief Engineer of the Command had been asked, according to the Audit paragraph, in August 1973 to arrange a staff Court of Enquiry to go into the lapses, fix responsibility and suggest remedial measures, the Committee enquired whether the Court had finalised its inquiry and, if so, what its findings recommendations were. In a note, the Ministry replied:

> "The findings recommendaions of the Court of Inquiry are given below:
>
> (a) *Findings of the Court of Inquiry*:
>
> (i) The supply of electricity is made to a Research and

Development Organisation which was rapidly expanding.

(ii) The requirement of power was based on the requirement of the Director..... (DMRL) who was anticipating the equipment and materials to fulfil the immediate projects assigned.

(iii) The Garrison Engineer Chandrayanagutta could only arrange for the requirement of the electrical energy required by the..... (DMRL) and could not review reduction, though the users have been reminded to review the requirement.

(b) *Opinion of the Court of Inquiry*:

The Court is of the opinion that the requirement of energy could not be reduced in view of the findings above and hence feels that no individual or organisation could be blamed. It is recommended that the loss of the excess amount paid to the electricity board be borne by the State.

(c) *Recommendations of the Court*:

The users being a Research Organisation rapidly expanding, no strictures or remedial measures could be suggested.

The finalised Court of Inquiry proceedings were referred to Headquarters, Southern Command on 30-1-1974 by the Commander, Indep Andhra Pradesh Sub-Area for the recommendations of the General Officer Commanding-in-Chief, Southern Command. As the Court of Inquiry, while conducting its enquiry, did not follow the prescribed procedure, the Headquarters, Southern Command in consultation with the Engineer-in-Chiefs Branch, have ordered a fresh Court of Inquiry."

3.31. The Ministry informed the Committee subsequently that the fresh Court of Inquiry had completed its proceedings and furnished a copy of the inquiry report. The Court of Inquiry had, *inter alia*, observed as follows:

"FINDINGS OF THE COURT.

Having examined the witnesses and the correspondence the court finds that:

(i) The electric power supply is made by APSEB to DMRL and DPML laboratory, a Research and Development Organisation which was expanding rapidly purely on temporary basis.

(ii) There was no permanent electrical agreement entered into with APSEB by MES upto 6-2-1972 as such there was no need to review this by inspecting officers.

(iii) The power requirement for DMRL and DPML was based on the projected load of the Director DMRL, who were awaiting arrival of equipment and materials from abroad for project assigned to them.

(iv) The MES could only arrange for the power required by DMRL and no way of assessing or reviewing the requirement or reduction in the power. The users have been reminded by MES constantly to review their requirement.

(v) Revision of requirement was not possible due to the uncertainty of users power requirement for the equipments and materials expected any moment from abroad.

(vi) Over-payment of Rs. 2,51,656|- due to less consumption of electric power by users was made by MES.

The Court inspected the various correspondence between the Garrison Engineer and the Director DMRL regarding the requirement of power.

OPINION OF THE COURT.

The Court is of the opinion that the requirement of electrical power could not be assessed by the MES as the service rendered is to an R & D Organisation for which no scales are laid down and all the works are special requirement.

The MES had only to depend on the demands made by users and no reduction could be exercised by the MES due to uncertain demand by users.

The DMRL based their requirement on the projects assigned to them and utilisation targets have not been maintained due to the uncertainty in receipt of the equipment and raw materials from abroad.

For the overpayment DMRL only can be responsible and not the MES.

For the same reasons infructuous expenditure prior to and after the objection may be included in the loss statement.

The loss is to be regularised by Director DMRL as per existing orders.

RECOMMENDATION OF THE COURT

The Board recommends that in all future projects|works etc., the users should work out their power requirement on more realistic basis in detail in consultation with MES to avoid over-payment on low|bigger consumption. It is also recommended to enter into permanent agreement with State authorities giving phased requirement."

On the findings of the Court, the Commander, Andhra Sub-Area had recommended as follows:

"I agree with the opinion of the Court. As rightly brought out by the Court, the MES had no yardstick to assess the requirement of DMRL. The MRL was also not in a position to reassess their requirement due to uncertainty in receipt of the equipment.

I, therefore, recommend that the excess amount of Rs. 1,68,435|- (Rupees one lakh sixtyeight thousand four hundred and thirtyfive only) paid to the Andhra Pradesh State Electricity Board during 1969 to 1972, be written off and borne by the State."

The recommendations had also subsequently endorsed by the General Officer Commanding, Andhra, Tamil Nadu, Karnataka and Kerala Area and the General Officer Commanding-in-Chief, Southern Command.

3.32. As regards the regularisation of the loss, the Ministry informed the Committee as follows:

"The Chief-Engineer concerned has been asked to regularise the excess payment and as nobody has been held res-

ponsible for the same by the Court of Inquiry due to the expansion of the Research Laboratories, no disciplinary action is being taken against any individual. The amount of excess payment involved has been wrongly indicated as Rs. 1,68,435|- instead of Rs. 2,51,656|- in the recommendations made by Commander Andhra Sub-Area and General Officer Commanding Andhra, Tamil Nadu, Karnataka and Kerala Area."

3.33. As has been pointed out in the Audit paragraph after a case of excess payment of electricity charges had come to notice, the Army Headquarters had issued instructions, in December 1967, that the peak load requirements should be assessed realistically in future and the peak load requirements already intimated to the suppliers should be examined at all stations on the basis of actual requirement. Dealing with this case, reported in paragraph 30 of the Audit Report (Defence Services), 1968, the Public Accounts Committee (1968-69) had, in paragraph 3.187 of their 69th Report (Fourth Lok Sabha), observed:

"The Committee observe that an Air Force Station paid electricity charges from September 1965, till January 1967, on the basis of 75 per cent of the maximum contract demand, *viz.* 500 KVA, though the actual consumption was not more than 100 KVA. It has been stated that the connected load was 250 KVA and a further load of 250 KVA was anticipated. The anticipated load did not, however, materialise due to a change in operational requirement, which was 'indicated' by the Command Authorities in January 1967. It is not, however, clear how, when the change in operational requirements was 'indicated' only in January 1967, the Garrison Engineer could have approached the Electricity Board for scaling down the contract demand to 100 KVA even in September 1966. The Committee would like the Ministry of Defence to examine whether there was a failure to scale down the demand sufficiently in time."

In their Action Taken Note on the above recommendation [reproduced at pages 110 and 111 of the Committee's 99th Report (Fourth Lok Sabha)], the Ministry of Defence had informed the Committee, *inter alia*, that "with a view to ensuring that the peak load demands of electricity are assessed on realistic requirements", necessary instructions had been issued to all concerned by the Army Headquarters on 23 December 1967. A copy of the Army Headquarters,

E-in-C's Branch letter No. 29066|68|E4 dated 23 December 1967, furnished to the Committee in this connection is reproduced in Appendix II.

3.34. In paragraph 3.181 to 3.189 of their 69th Report (Fourth Lok Sabha), the Committee had dealt with a case of excess payment of electricity charges at a station as a result of unrealistic assessment of the power requirements. After this case had come to notice, instructions were issued by the Army Headquarters, in December 1967, stressing the need for correctly assessing the peak load requirements in future and for reviewing the demands already contracted for on the basis of actual requirements. However, two more such cases of excess payment, amounting to Rs. 4.36 lakhs, have again been highlighted in the Audit paragraph under examination. That such avoidable expenditure should continue to recur is a matter of serious concern.

3.35. The Committee note that in the first case relating to an Armed Forces Medical College, the contract demand had been increased by the MES authorities from 312.5 KVA to 625 KVA, keeping in view the works in progress and a proposed hospital complex even prior to the assembling of the recce-cum-siting board and before the necessity of the project had been accepted by Government. While the reasons for this unusual keenness are not very clear in the absence of the relevant records, the Committee have been informed that while the maximum demand for all the loads in the Armed Forces Medical College, on the basis of projected forecasts, worked out to about 310 KW, the Garrison Engineer had erroneously indicated in the application made to the electricity company, that a further load of 350 KW would be required in addition to the existing load of about 150 K.W, and sanction was given accordingly by the Government of Maharashtra. Though a Court of Inquiry assembled in November 1963 to probe into the matter had found no justification for applying for the additional demand of 350 KW, it was not possible to fix responsibility for the lapse, since the records justifying the increase of the demand were stated to be not available and many of the officers involved had either retired or expired. In the circumstances, the Committee have to remain content with expressing their dissatisfaction over the manner in which this case had been handled.

3.36. The Committee regret that while a peculiar sense of urgency had been displayed in this case in increasing the demand, the same sense of urgency was lacking in concluding the necessary agreement to give effect to the increased contract demand,

which appears to have been executed only as late as in August 1971, some eight years after applying for the increase. Since the State Electricity Board, approached in December 1967 for a reduction in the contract demand to 400 KVA, had insisted on the execution of the agreement in respect of the contract demand of 625 KVA as a pre-condition for reducing the demand, it was certainly imperative to finalise this long-pending issue and avoid unnecessary excess expenditure. As pointed out by the Court of Inquiry, the procedural difficulties involved in signing the agreement could have been resolved earlier by obtaining legal opinion. In case difficulties still persisted, efforts ought to have been made to iron out these differences at Government level, Regrettably, these steps do not appear to have been taken to safeguard Government's Financial interests.

3.37. In the light of the explanation furnished by the Ministry about the second case relating to the supply of electricity for Defence laboratories and the findings of the Court of Inquiry, the Committee will confine themselves to only one aspect of the matter. The Committee find that the Court of Inquiry, assembled in March 1974, to go into the lapses in this case, fix responsibility and suggest remedial measures, had held the view that as there was no permanent agreement entered into with the Andhra Pradesh State Electricity Board by the Military Engineer Services, there was no need as such to review the requirements by the inspecting officers. The Committee are unable to accept this contention. In order to safeguard the financial interests of Government and in view of the uncertainty over the actual requirements of power by the laboratories, the MES authorities ought to have kept the position continuously under review, in consultation with the users, and taken timely action to reduce the contract demand when the actual revised requirements of the laboratories became known.

3.38. As regards regularisation of the losses arising from these transactions, the Committee have learnt that in respect of the first case, the State Electricity Board has been approached for refund of the excess charges and that if these efforts failed the case would be referred to arbitration. As for the second case, the Chief Engineer concerned has been asked to regularise the excess payment in view of the fact that no individual had been held to be responsible for the lapse. The Committee would like to know the latest position in this regard.

3.39. Apart from the formality of regularising the losses, the Committee feel that the Ministry should also analyse the reasons

for the lapses that occurred in these two cases and prescribe effective remedial measures for the future. In this connection the Committee note that the Courts of Inquiry which examined these cases have also suggested certain remedial measures. The Committee would urge Government to go ahead with the task of evolving uniform guidelines in this regard rather than leaving the initiative entirely to the individual units concerned.

IV

DEFICIENCIES IN STOCK OF FURNITURE

Audit Paragraph

4.1. Verification of stock of furniture held in a Military Engineer Services division at a station was carried out from time to time and no discrepancy was recorded in the certificate of stock verification up to June 1971. Large deficiencies in stock of furniture were, however, noticed in November 1971, during handing/taking over charge between two supervisors. A Board of Officers which was assembled between 17th December 1971 and 21st December 1971 found that domestic furniture worth Rs. 40,655 was deficient and furniture worth Rs. 80,484 had been irregularly issued on loan to certain employees of the division and other civilians from time to time since 1966. The Board held the supervisor in-charge of furniture responsible for the deficiencies/irregular issues. The Board also held that his seniors could not be absolved of responsibility for such deficiencies/irregularities and recommended that a Court of Enquiry be convened to investigate the circumstances leading to such irregularities.

4.2. In June 1972, the Station Commander ordered the assembly of a Court of Enquiry which submitted its proceedings in March 1973. The Station Headquarters raised (June 1973) certain observations on these proceedings but the officer who had presided over the Court of Enquiry having been transferred in the meantime was not available for clarifying the points. A second Court of Enquiry was, therefore, ordered in October 1973 to finalise the incomplete deliberations. The findings and recommendations of this Court of Enquiry are still awaited (December 1973).

4.3. No hire charges have so far (December 1973) been recovered from the individuals to whom furniture had been irregularly issued on loan.

4.4. According to the Chief Engineer, some furniture had since been received back as shown below:

	As in December 1971	As in October 1973
	Rs.	Rs.
(i) Value of articles of domestic furniture found deficient in stock.	40,655	39,442
(ii) Value of articles of furniture irregularly issued on loan.	80,484	30,093

4.5. The Ministry stated (December 1973) that suitable disciplinary action against the officers responsible for the various lapses as also necessary remedial measures would be taken as soon as the proceeding of the Court of Enquiry were finalised.

[Paragraph 17 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services)]

4.6. The Committee learnt from Audit that according to para 670 of the Regulations for Military Engineer Services (1968 Edition), the annual verification of the furniture held on charge is to be carried out by an Officer or Superintendent/Supervisor, Grade I by actual counting in the unit lines and quarters during April/June, according to a programme to be published in the Station Orders, jointly by the MES and the Unit or individual on whose charge the furniture is held. At the conclusion of the verification, both the copies of the Unit distribution ledger are to be signed by the parties. In addition, the balance of furniture in store is also required to be checked at the same time and discrepancies, if any, entered in the Stock Taking Report (IAFW 2221) and dealt with in accordance with the normal procedre prescribed in this regard.

4.7. The Committee enquired how long the deficiencies reported in the Audit paragraph had remained undetected. The Engineer-in-Chief, Military Engineer Services replied in evidence:

> "It was detected in 1971, but I cannot say for how long they had remained undetected."

Asked whether it was a fact that these had remained undetected for nearly five years, the witness replied:

> "Before that period, the stock-taking was reported as having been done correctly and recorded on all the ledgers. Only

during 1971 it came to our notice that it was not done properly. I cannot say whether it remained undetected for 5 years."

When the Committee drew attention, in this connection, to the statement made in the Audit paragraph that a Board of Officers, which was assembled between 17 and 21 December 1971 had found that the furniture had been deficient and had also been irregularly issued from time to time since 1966, the witness stated:

"It relates to irregularities in the issues and not to deficiencies."

The Defence Secretary, however, stated in this context:

"It is a surmise. But the detection took place only in 1971."

4.8. The Committee desired to know whether the stock verifications carried out between 1966 and June 1971 were done according to the prescribed procedure and, if so how these deficiencies could remain undetected. In a note, the Ministry of Defence stated:

"Verifications of stock between 1966 and 1971 were not carried out properly resulting in the non-detection of deficiency and irregular issue of furniture in any of the stock takings."

4.9. In regard to the irregular issues, on loan, of furniture, the Committee learnt from Audit that the Ministry had stated (February 1974) that the furniture had been issued to employees of the Military Engineer Services, Military, Farm, staff of the Defence Accounts Department, U.P. Police and school teachers and that apart from these, some furniture was also loaned to "unauthorised private persons".

4.10. As regards the non-recovery of hire charges from the individuals to whom furniture had been irregularly issued on loan, the Committee were informed by Adit that the Ministry had clarified (February 1974) that "as the issue of furniture was irregular, no recovery on this account can be effected by the Unit Accountant through rent bills without any specific authority." The Committee, therefore, asked why recoveries had not been ordered in these cases

to enable the Unit Accountant to effect recoveries. In a note, the Ministry of Defence replied:

> "The Unit Accountant attached to BSO Mathura held the erroneous impression that hire charges for irregular issue of furniture could not be effected through rent bills. The matter was subsequently got clarified through CGDA/CDA and recovery of hire charge is now being effected through rent bills. Rent bills amounting to Rs. 5567.18 have been sent to the Unit Accountant attached to BSO for recovery. Out of these, bills amounting to Rs. 5448.68 have become time-barred. A sum of Rs. 44.50 has since been recovered. Further progress in the matter has been asked far from lower military authorities concerned and will be intimated in due course".

4.11. The Audit paragraph points out that out of the furniture, valued at Rs. 80,484, which had been irregularly issued as in December 1971, furniture worth Rs. 50,391 had been received back by October 1973. The Committee were further informed by Audit in this connection that the Ministry had subsequently (February 1974) intimated that furniture worth Rs. 30,093 issued on loan had become irrecoverable as the loanees had disowned the issue of articles to them on loan. The Committee were also given to understand that the Ministry had intimated (March 1974) that the hire charges due from private parties was Rs. 162.75 and that recoverable from the staff of the Military Engineer Services, Defence Department, Accounts Department, U.P. Police and teachers amounted to Rs. 9157.33.

4.12. The Committee enquired whether any receipts were taken from the loanees and in case this was not done, how they were identified. In a note, the Ministry replied:

> "The furniture was issued on loan to the individuals and receipts were taken from them, but no proper issue vouchers duly signed by recipients were prepared. Certain individuals disowned receipt of furniture while some others are stated to have returned the same."

4.13. The Committee were informed by the Engineer-in-Chief, Military Engineer Services, during evidence, that as in October 1974 out of the furniture worth Rs. 80,484 irregularly issued, furniture valued at Rs. 24,762.65 remained to be recovered. The Ministry of Defence subsequently stated that the value of furniture issued on loan had further come down by Rs. 135 and was Rs. 24,627.65 as on 21 January 1975.

4.14. Since the Board of Officers, assembled in December 1971, had also, *inter alia,* held that the senior officers could not also be absolved of responsibility for the deficiencies/irregularities, the Committee desired to know the basis on which the Board had come to this conclusion. In a note, the Ministry stated:

> "The Garrison Engineer and the Barrack Stores Officer are responsible for administrative lapse in not detecting irregular (loan) issue of furniture which was going on in their sub-division/division since 1967. Also the deficiencies of furniture which came to light at the time of handing and taking between supervisors should have at least partly existed earlier. They should have tightened security and other measures to prevent/arrest irregularities/ pilferage."

4.15. According to the Audit paragraph, though the Court of Enquiry, assembled in June 1972, to investigate the circumstances leading to the irregularities, had submitted its proceedings in March 1973, the Station Headquarters had raised, in June 1973, certain observations on these proceedings and that as the Presiding Officer had been transferred in the meantime, a second Court of Enquiry had been ordered in October 1973. The Committee, therefore, desired to know when the officer who presided over the first Court of Enquiry was transferred and whether any attempts were made to obtain the necessary clarifications from him before ordering a second Court of Enquiry. In a note furnished in this regard, the Ministry of Defence stated:

> "The presiding officer of the first Court of Inquiry was moved out along with his Unit on 20-9-1973.
>
> No clarification was obtained from him as an additional Court of Inquiry was ordered to finalise the deliberations of the previous Court of Inquiry."

Asked whether it was a normal practice to order a fresh enquiry if the presiding officer of the Board was transferred before the proceedings were finalised, the Ministry replied:

> "It has been clarified by Station Hqr. Mathura that the second Court of Inquiry was in continuation of the first Court of Inquiry which is not a normal practice."

4.16. The Ministry of Defence, who were asked to indicate the findings and recommendations of the second Court of Enquiry ordered in October 1973 and the action taken thereon, furnished a copy

of the proceedings of the Court of Enquiry, which is reproduced in Appendix III and added that the Chief Engineer, Central Command, had been instructed to initiate necessary disciplinary action against the individuals concerned and get the losses regularised.

4.17. The Committee take a very serious view of the lapses disclosed by the Court of Inquiry in this case over the issue and accountal of furniture in Military Engineer Services division. It is distressing that large scale deficiencies in stock of furniture (40,655) and irregular issues of furniture, valued at Rs. 80,484, on loan to unauthorised persons (Defence and Civilian personnel as well as private individuals) had continued, almost unabated, over a period of five years. The deficiencies and irregular issues have been attributed, inter alia, by the Court of Inquiry, to lack of proper supervision and control by the superior officers, non-functional nature of the security arrangements at the Furniture Yard, (on account of which a large quantity of components of items of furniture was misappropriated over a period of time), inefficiency and gross negligence on the part of a Supervisor, Barrack Stores, Grade I, entrusted with the responsibility of store-keeping and also perfunctory stock verification.

4.18. The Committee have been informed that on the basis of the findings of the Court of Inquiry and the opinions expressed by the General Officer Commanding-in-Chief, Central Command, on the recommendations of the Court and the senior Army officers, the Chief Engineer, central Command, was instructed to initiate necessary disciplinary action against the individuals concerned and to get the losses regularised. In view of the gravity of the lapses, and such examples of irresponsibility as the supervisor Barrack Store being found drunk while on duty several times, the Committee wish that action has been decided upon and exemplary punishment meted out to the officials who have been found remiss in the discharge of their responsibilities. While the Committee would like to know the action taken in this regard, they, however, note that according to the recommendations of the General Officer Commanding-in-Chief, Central Command, the entire loss, on account of deficiencies and Irregular issues of furniture, less the amount which might be revered from the supervisor Barrack Store in accordance with the orders of the competent disciplinary authority and the cost of such furniture as may be subsequently recovered from individuals to whom it had been issued on loan, is to be written off and borne by the State. The Committee are, however, of the view that the question of the State bearing any loss on this account should be examin-

ed afresh and concerted attempts made, instead, to recover the losses from the individuals found guilty of such grave dereliction of duty.

4.19. The Committee note that out of the furniture, valued at Rs. 80,484, irregularly issued on loan as in December 1971, furniture worth Rs. 55,856.35 had been recovered from the loanees till January 1975 and that the concerned Garrison Engineer had been asked to make all-out effects to recover the remaining items of furniture. The Committee would like to know the progress in this regard so far.

4.20. Though an instance of this nature has been detected at only one station, it could well be that the irregularities disclosed in the present case are only symptomatic of the position obtaining in other Military Engineer Services divisions. The Committee would, therefore, like the Ministry of Defence to carefully review the position in regard to the issue and accountal of furniture at other MES divisions also with a view to ensuring that similar instances of irregularities and misconduct do not prevail.

V

ARBORICULTURE AT AN AIR FORCE STATION.

Audit Paragraph

5.1. Sanctions were issued in December 1964 (Rs. 35,300), May 1966 (Rs. 7.669) and October 1967 (Rs. 2.03 lakhs including cost of maintenance of the plants for five years estimated at Rs. 0.75 lakh) for planting trees for camouflage by arboriculture at an Air Force station. While the sanction issued in December 1964 specified 257 trees to be planted, other two sanctions did not indicate the number of trees to be planted.

5.2. In August 1967 the Military Engineer Services reported completion of planting of the 257 trees sanctioned in December 1964 to the Air Force authorities. No such report was submitted for trees planted under sanctions issued in May 1966 and October 1967. According to the report submitted by the Assistant Garrison Engineer in charge of arboriculture at that Air Force station to the Garrison Engineer in March 1970, altogether 51,657 trees had been planted by May 1969 at a cost of Rs. 1.31 lakhs.

5.3. The Station Commander, Air Force station, on his own initiative, ordered in March 1970 the assembly of a Court of Enquiry, in order to check and ascertain the casulties of the trees planted under the arboriculture scheme. The Court could not, however, complete its proceedings as the staff of the Garrison Engineer declined to give their statements to the President of the Court of Enquiry. A Board of officers was, therefore, constituted in February 1971. As per the findings of this Board, only 9,000 plants existed in February 1970. On the basis of the findings of the Board, a Court of Enquiry was assembled in November 1971 to enquire into the high casualty of the trees planted. According to the findings of this Court (September 1972), 48,557 out of 51,657 trees planted were not alive as per details below:

Sanction issued in	Planted	Not taken root	Lost due to fire	Existing
December, 1964	257	27	..	230
May, 1966	8,900	938	7,312	650
October, 1967	42,500	17,380	22,900	2,220
TOTAL :	51,657	18,345	30,212	3,100

5.4. The Court found that paucity of water supply, conditions of soil and dry climate were responsible for a large number of trees (18,345 in all) not taking root and withering away. About 30,212 trees stated to have been lost due to fire, the Court mentioned that this fact could not be conclusively established. According to the Court of Enquiry while the Garrison Engineer asserted that destruction of trees was due to fire, the Station Administrative Officer of the Air Force disputed this statement. The Court of Enquiry could not apportion blame to any particular person as witnesses who had relevant information were not available at the time of investigation (1972).

5.5. The Station Commander, Air Force station, pointed out to the Air Command in September 1972 that the Court of Enquiry had confined its findings to the mortality rate and stressed that the fact whether such a large number of plants had actually been planted needed investigation by an independent agency like the Special Police Establishment in view of the fact that the scope of departmental enquiry would be limited to evidence on record only. The Air Officer Commanding-in-Chief of the Air Command recommended to the Air Headquarters (December 1972) that these remarks of the Station Commander might be considered. No further investigation was, however, conducted as the Engineer-in-Chief was of the opinion that such investigation by Special Police Establishment would not serve any purpose.

5.6. Further plantation of trees was not done in that station. The Ministry stated (February 1974) that it was decided not to go ahead with the replantation till such time as arrangements for entrusting the arboriculture work to the forest department were finalised.

[Paragraph 18 of the Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Defence Services)]

5.7. According to the Audit paragraph, while the sanction issued in December 1964 had specified that 257 trees were to be planted, the subsequent sanctions issued in May 1966 and October 1967 did not indicate the number of trees to be planted. The paragraph further points out that the completion report in regard to the planting of the 257 trees had been sent by the Military Engineer Services to the Air Force authorities in August 1967 and that no such reports had, however, been submitted in respect of the trees planted under the sanctions issued in May 1966 and October 1967. The Committee learnt from Audit in this connection that the Ministry of Defence had intimated (February 1974) as follows:

> "Under the first sanction, the work was completed in July 1966 and completion report was conveyed in August 1967.

The completion report in respect of the work carried out under the other two sanctions was not conveyed. However, a total number of 51,657 trees were planted at a cost of Rs. 1.31 lakhs."

5.8. The Committee enquired into the reasons for (i) not specifying the number of trees to be planted under the sanctions issued in 1966 and 1967, (ii) the delay of more than a year in submitting the completion report relating to the 1964 sanction and (iii) for the non-submission of completion reports in respect of the works executed under the 1966 and 1967 sanctions. The Defence Secretary replied in evidence:

"The first sanction was a comprehensive one in which the number of trees were mentioned and information on each plant like digging up the pits, its raising and protection was given. In the second one, the number of trees was not mentioned and it was dealing with a small part of the project, but in that report the area was mentioned. The third one was the big project and in the report the area was mentioned, number of trees was mentioned but in this third report complete information was not given. On the composite sanction, every item is mentioned and as soon as the work was completed, the completion report was furnished. A part of the bigger project had to wait till the completion of the other part of the work before the completion report could come. In the third sanction there is also a provision for annual maintenance after the actual plantation and according to their understanding and according to the practice they were waiting for the period to expire before submitting a completion report. That is how this has occured."

In a note furnished in this regard, the Ministry of Defence Stated:—

"The sanction issued in May 1966 was for the purpose of construction of blast pens in the area of 86.17 acres. Arboriculture formed a part of this sanction for camouflaging these pens. This sanction did not specify the number of trees to be planted but stipulated that the arboriculture was to cover the complete blast pen area measuring 86.17 acres. In the sanction issued in October 1967 the area to

be brought under plantation for camouflage purposes was 1200 acres. The number of trees to be planted in both cases was worked out by the Engineers.

The work sanctioned in December 1964 was completed in July 1966. The cause of delay in the rendition of the completion report is being ascertained.

Completion reports, Part 'A' in respect of sanctions issued in May 1966 and October 1967 have since been initiated The work sanctioned in May 1966 was completed on 30-3-1974. The work sanctioned in October 1967 was completed on 30-9-1973."

5.9. With reference to the observations of the Court of Enquiry, assembled in November 1971 to enquire into the high casualty of the trees, that 48,557 out of 51,657 trees reported to have been planted were not alive and that paucity of water supply, conditions of soil and dry climate were responsible for a large number of trees (18,345) not taking root and withering away, the Committee learnt from Audit that the Ministry of Defence had clarified the position, in February 1974, as under:

"The Court of Enquiry has opined that the reasons for heavy mortality of plants are as follows:—

(a) Lack of technical expertise;

(b) Impervious soil;

(c) Inadequate watering facilities; and

(d) Inadvertent outbreak of fires.

It may be mentioned here that in pursuance to the first two sanctions it was undertaken to plant 257 and 8900 trees, out of which 27 and 938 plants respectively did not take root. This casualty rate is quite reasonable. After the issue of the third sanction, a board of officers was convened immediately on 23rd October 1967 for ascertaining the adequacy of water supply before commencing actual plantation. The Board found that no additional water supply would be needed for the arboriculture since the existing tube-wells and permanent water scheme would cater for the entire water requirement. The actual plantation of the trees under the third sanction was carried during March 1968 to November 1968. The Divisional

Forest Officer, Jhagram, later opined that if the trees are planted just at the onset of monsoon natural water received by the plants during monsoon period will be sufficient for them to grow throughout their life without any need of watering. Therefore, out of the reasons for non-survival of the trees as given above, it can be concluded from the position explained that the mortality of the plants has been mainly due to dry climate, soil conditions and lack of expertise and not as much due to shortage of water".

5.10. In view of the fact that only 3,100 trees were stated to be surviving out of 51,657 trees reported to have been planted, the Committee desired to know how the high mortality rate could be explained. The Defence Secretary stated in evidence:

"There are many tragedies in this case. I have hardly any justification to offer for the figures given here. But let me explain the circumstances. I have studied this matter rather deeply. The figures give a very very poor picture. Firstly, the area is a very difficult area. If you see the map, you will find that in that area there is scarcity of water and soil conditions are also poor. There was a provision in the project also for a tubewell for providing additional water supply for nourishing these plants.

Secondly, the soil condition was rather poor. The M.E.S. were given these tasks and they were asked to do it in quicker time. They were tried but they were not experts in this field. The work should be given to the competent and expert persons. We have learnt from this that this kind of work should be given to the experts. Anyway in this case, this was one of the initial difficulties. Now, on account of the difficulties of water and on account of the difficulties of the soil condition, the germination unfortunately has been poor. On that, subsequently, we have taken the expert advice as to what in their judgment should have been the rate of germination and more or less the soil conditions were very unfavourable. The natural death of the plant was high and that can be expected in a situation like that. A large number of casualties is due to fire".

5.11. Since paucity of water supply, soil conditions and dry climate were stated to be responsible for a large number of trees not

taking root, the Committee desired to know why arrangements were not made for planting the trees after taking into account climate and soil conditions. In a note furnished in this regard, the Ministry of Defence stated:

> "Planting of trees is a technique in itself which varies from region to region, from place to place depending upon technical conditions, geological formation of the area and pest infestation. Such works can best be executed by persons who possess the requisite expertise. MES did not have necessary expertise at the time the trees were planted. However, the local District Forest Officer was consulted at the time of issue of sanction in October 1967 who was of the opinion that if the trees were planted just at the onset of the monsoon, natural water received by the plants during the monsoon period would be sufficient for them to grow throughout their life without any need of watering. The work was executed during the period March 1968 to November 1968".

Asked, in this connection, whether the trees had been planted before or after the monsoon, the Defence Secretary replied in evidence:

> "The trees have been planted from time to time. My own conclusion is that some of them were planted even before the monsoon. Some of them have been planted after the monsoon."

In reply to another question whether there was any suggestion that the trees should be planted before the monsoon, the witness stated:

> "That is a natural suggestion that should come from everybody that plantation should be done after monsoon."

Asked whether any periodical reports had been received in this regard, the witness replied:

> "Record is not available here. It may be there at the local station. We have tried to get hold of them. There are volumes and volumes of records for so many years. I have tried to go through all the material. What I have been able to get is the periodical progress reports in which mention is made about the number of casualties and the number of new plantations."

The Committee desired to know whether the area in which the arboriculture operations were to be carried out was really barren. The Defence Secretary stated:

> "Barren from the point of view of trees. The point is that barrenness on account of lack of trees is accepted but barrenness is not because of grass tows which grow in those areas."

5.12. 30,312 trees planted under the scheme were reported to have been destroyed by fire. The Audit paragraph points out that the Court of Enquiry (November 1971) had, however, mentioned that this fact could not be conclusively established. The Committee were informed by Audit in this connection that according to the information given to them, in December 1973, by Air Headquarters, no records of completion of jobs, and handing and taking over of the trees were maintained. The Committee further learnt that in reply to Audit queries on the subject, the Ministry of Defence had clarified, in December 1973, that the following information was not readily available:

> "(i) Job No. CAC/14/64/65/EWP No record of completion and taking over of this job, and no record of destruction of trees and saplings by fire at....Wing, A.F.
>
> (ii) Job No. KKD/4/66-67-G.E. *vide* his letter No. 2211/920E. 2 dated 19-4-1967 informed destruction of 8250 plants by fire and not taking roots....Wing A.F. did not accept G.E's contention *vide* their letter No. 5W/1474/64/P1 dated 26-6-1968.
>
> A court of enquiry ordered on 13 May 1968 found that there was no incident of fire on the dates as informed by the G.E. There is no trace of further communication from G.E. on this aspect.
>
> (iii) Job No. CAC/5/67-68- There is record of completion of work and handing/taking over with MES. A court of enquiry held on 4th March 1970 to investigate into the loss of a big number of trees due to outbreak of fire and trees not taking roots could not proceed due to lack of MES witnesses. After subsequent reminders it was reported by G.E. that the matter has been reported to C. W.E. (Commander Works Engineer). After this there is nothing in record."

5.13. Since there appeared to be considerable difference of opinion between the Air Force authorities and the Military Engineer Services on the question of destruction of trees by outbreaks of fire, the Committee enquired into the correct factual position in this regard. Clarifying position, the Defence Secretary stated in evidence:

> "Here I would like to explain to the Committee very specifically what I have to state. There has been a little amount of difference of opinion between the MES authorities and the Fire Station Commandant. There was no immediate information available as to how many fires took place. I had to wade through volumes of document and what I have tried to conclude is that there were two kinds of fires. One kind is sponteneous fires. When there is heat, when there is dry grass available, the fire is caused and when these fires are significant the fire station people invariably come out to quench the fire and that is registered in the Fire Station. The second kind of fire is caused by the Defence people themselves. Sometimes to make visibility greater and to order to clear certain grounds, deliberate fires are also organised by the Fire Station and for these fires they do not require any quenching operation and they are not registered in the Fire Station. So, a large number of casualties is the result of both kinds of fires. Actually, in the deliberate fires which are not registered, there should have been no casualties. But accidentally some casualties do take place. This is not an explanation that I am offering. That is the kind of knowledge that I have got after wading through the papers. But we have wasted some money on this."

5.14. In view of the fact that the area in which the Air Force Station was located was stated to be barren of trees, (which by rubbing against each other could, perhaps, have caused fires), and the rainfall in the region was also poor, the Committee desired to know how the fires could be justified and observed that it was extremely difficult to accept that such a large number of trees could have been destroyed by fire. The Defence Secretary replied:

> "All these trees were burnt; that is not correct. They had been destroyed in a number of years. I think the largest number I could take as a casualty in a single case was

5,000 trees, but they were also in different areas in the same composite air-field."

He added:

"Some of these documents which were not traceable have been traceable there. There is an enquiry report dated May 1966. I will send you a copy of this. It is mentioned here 'that this destruction of trees by fire was inspected and they had certified that there was a destruction of trees by fire. But it might not be ascertained as to when this fire occurred. There was no record'. Secondly, I tried to find out why there was no record. I came to know that these firebrigade people came and extinguished the fire and the records are there. So, this subsequent report on 31st March 1968, when fire took place was made."

Elaborating further on the subject, the witness stated:

"As I said, since the time I sent you my replies, I waded through many more papers. I discovered many papers which were reported untraceable earlier. If a probe is made, we will be able to discover some more papers, which might throw more light on this."

5.15. The Committee desired to know whether any responsibility was fixed for the non-maintenance of records. In a note, the Ministry stated:

"Completion of the planting of the 257 trees sanctioned in December 1964 was reported by the MES to the Air Force in Augst 1967. The project sanctioned in May 1966 was completed in March 1974. The project sanctioned in October 1967 was completed on 30th September 1973. The completion reports in respect of both these sanctions have been initiated."

5.16. According to the Audit paragraph, the Station Commander of the Air Force Station had pointed out to the Air Command, in September 1972, that the Court of Enquiry assembled in November 1971 had confined its findings only to the mortality rate and had stressed that the fact whether such a large number of plants had actually been planted needed investigation by an independent agency like the Special Police Establishment, in view of the fact that the scope of the departmental enquiry would be limited to evidence on record only. Though this view had also been endorsed by the Air Officer

Commanding-in-Chief of the Air Command, no further investigation was, however, conducted as the Engineer-in-Chief was of the opinion that such an investigation would not serve any purpose. Explaining, at the Committee's instance, the reasons for not pursuing this suggestion of the Air Force authorities, the Defence Secretary stated during evidence:

> "The date of the report of the Court of Enquiry held in November 1971 was 25th September 1972. This is the date of the report. Then, the Station Commander made a suggestion about the case being referred to the SPE. On 29th September 1972, a suggestion came from the then AOC-in-C. He supported this request and this is dated 5th December 1972. Then, the Engineer-in-Chief thought that after the Court of Enquiry, responsibility for any fraud or any serious neglect does not arise, and that therefore, any SPE enquiry will not serve any useful purpose. That was his opinion. In spite of that opinion, the Ministry themselves referred the matter to the CBI in April 1974 and tried to take them on in regard to this matter and then they reported to us that firstly, their hands were full and there were lots of matter with them and secondly, because of the distance of time, it would not be possible to get any evidence, and therefore, they regretted their inability."

The Engineer-in-Chief, Military Engineer Services, added in this context:

> "I did not oppose it. It was only a matter of opinion. It was referred to me by Air Headquarters to give my opinion on this particular matter. That was in April 1973. Then, the Ministry wrote to me in March 1974 and asked me 'Could this be referred to CBI for an independent enquiry?' and I said that I did not have any objection to refer it to CBI."

5.17. At the Committee's instance, the Ministry of Defence furnished copies of the correspondence exchanged between the Ministry and the Central Bureau of Investigation, which are reproduced in Appendix IV.

5.18. The Committee desired to know whether there were records relating to the purchases of seeds and plants and from whom these

supplies had been obtained. The Engineer-in-Chief stated in evidence:

> "Seeds were purchased from the Forest Department and the seedlings were produced by the MES on their own afforestation. Then, they were transplanted."

5.19. The Committee called for complete details of the purchases of seeds, saplings, etc. from different sources, the expenditure incurred thereon and on the purchase of other stores for the execution of the works against the three sanctions. The Ministry of Defence furnished, *inter alia*, the following information in this regard, collected from the Controller General of Defence Accounts:

"(a) *Purchase of seeds|saplings*:

(i) There are only two vouchers showing purchase of saplings|seeds costing Rs. 702.17 against sanction No. CAC|S. 3062|5|W dated 7-10-1967 as amended. No purchases on this account have been made against the other two sanctions. Voucher for Rs. 634.19 of 1968 representing the cost of purchase of 200 Nos. each of Mango and *Amrut* grafts is stated to be destroyed. This aspect is under further examination in consultation with the CDA, Patna.

(ii) The details of supply order Nos. and cash book item Nos. furnished by E-in-C's Branch *vide* their note dated 22-1-1975. Copy received with the Ministry's note dated 28|29-1-1975 do not contain the details of various stores purchased. With reference to the details now made available by the Engineers, the CDA, Patna is being asked to verify and intimate whether any further expenditure for the purchase of seeds|plant other than that indicated in sub-para (i) above has been incurred. On receipt of a reply, a further communication in this regard will be made.

(b) *Expenditure on other Stores.*

A sum of Rs. 10,608.40 was spent on other stores against sanction No. CAS/S-3062/1/W dated 24-12-1964 similarly, an expenditure of Rs. 1909.47 was incurred for purchase of other stores in respect of sanction dated 7-1-1967. No expenditure was incurred on other stores in respect of sanction dated 25-5-1966.

(c) *Expenditure on departmental labour, casual labour, etc.*

Sl. No.	Date of sanction	Expenditure on departmentally employed labour
		Rs. P.
(i)	24-12-1964	20,396·75
(ii)	25-5-1966	9,501·70
(iii)	7-10-1967	42,802·60

(d) *Other items of expenditure.*

No expenditure is stated to have been incurred on the purchase of tools and plants, vehicles etc., in respect of any of the three sanctions. A sum of Rs. 54,584.05 has been spent in respect of sanction dated 7-10-1967 under the head 'payment to contractors'."

5.20. The Ministry of Defence also informed the Committee that the Deputy Secretary (Vigilance) of the Ministry had been appointed as an Inquiry Officer in this case and requested to enquire into the following aspects:

"(i) Whether 51,657 trees were actually planted against the three sanctions and the expenditure was incurred in full;

(ii) Whether proper maintenance of the trees was carried out;

(iii) Whether proper records of all fires occurring in the airbase were maintained and, in particular, whether there were any records of the trees replaced by the Garrison Engineer;

(iv) Whether 30,212 trees were actually destroyed due to the fires; the dates on which the fires actually occurred and the number of trees destroyed by fire on each date;

(v) Whether any remedial measures had been taken for prevention of fires;

(vi) To apportion blame and pinpoint responsibility; and

(vii) To make recommendations."

5.21. The Audit paragraph also points out that though the Station Commander of the Air Force Station had ordered, on his own initiative, in March 1970, the assembly of a Court of Inquiry in order to check and ascertain the casualties of the trees planted under the

arboriculture scheme, the Court could not complete its proceedings as the staff of the Garrison Engineer declined to give their statements to the President of the Court of Inquiry. Asked why the MES personnel had refused to tender evidence before the Court, the Defence Secretary replied in evidence:

> "Well, Sir, I looked into that. I know that there is that allegation in one of the papers. I have seen it myself. I enquired about it. It was due to non-availability of those officers at that time. They were out on their work in some other area. It was not unwillingness, but their non-availability. I saw that paper myself. I had the same feeling as to why they refused to appear."

5.22. The Committee, however, learnt from Audit that according to the records scrutinised by them, the position that emerged was that the proceedings of the Court could not be completed as the staff of the Garrison Engineer were not willing to give their statements to the President of the Court in the absence of suitable orders from engineering channels. When the attention of the witness was drawn to this statement, the Engineer-in-Chief replied:

> "This related to one individual who was a member of the Court of Enquiry."

The Defence Secretary added:

> "The question was whether a person who was a member of a Court of Enquiry could appear as a witness before the same Court of Enquiry."

On the Committee pointing out, in this context, that this aspect ought to have been borne in mind when the Court of Inquiry was appointed, the Engineer-in-Chief stated:

> "This was a mistake. Witnesses should never be appointed as members of Court of Enquiry."

In a note furnished subsequently in this regard, the Ministry of Defence informed the Committee as follows:

> "The Air Force Station....had informed the GE....with a copy to the CWE....that the MES personnel had declined to render their evidence in the Court of Inquiry ordered in March 1970, under GE's verbal instructions to them. A reminder was sent to GE on 24th June 1970 whereupon the GE replied that the matter had been referred to CWE.

The E-in-C's Branch has intimated that the necessary permission was accorded by CWE.....on 3rd July 1970. Meanwhile, the inquiry was left incomplete and was not progressed further."

5.23. The Committee desired to know why it had taken 11 months (from March 1970) to constitute a new Board of Officers in February 1971 and the reasons for the further delay of about 8 months (from February, 1971) in assembling a Court of Inquiry in November 1971, on the basis of the findings of the Board of Officers. In a note, the Ministry of Defence stated:

"The Court of Inquiry ordered in March 1970 was not progressed after June 1970. The Board of Officers ordered in February 1971 was not connected with the Court of Inquiry ordered in March 1970. It was ordered as a result of observations made by the Test Auditors on the high mortality rate of trees at AF Station....."

The Board of Officers held in February 1971 was finally concurred in by Command Headquarters in June 1971. The Station Commander while concurring with the Board held in February 1971 had recommended that a Court of Inquiry with representatives of CE, Bengal Zone, may be ordered by Command Headquarters to investigate the reasons for heavy mortality of trees. This recommendation of the Station Commander was concurred in by the Command Headquarters in June 1971. Rest of the time was consumed in procedural action as it involved correspondence between the Station, Command and the Chief Engineer's Office."

5.24. The Committee learnt from Audit that the Court of Inquiry assembled in November 1971 had observed, *inter alia*, that "the projects being old, all persons concerned and the relevant information are not available." Asked why the officers concerned could not be summoned from other stations for giving evidence before the Court, the Ministry, in a note replied:

"The E-in-C's Branch have stated that the matter regarding non-production of witnesses documents before the Court of Inquiry held in November 1971 was not brought to the notice of the Engineers. Further inquiries in the matter from—Air Head-quarters are being made. The Inquiry Officer appointed to go into the matter will also go into the question."

5.25. The Committee enquired into the action taken in pursuance of the findings of the Courts of Inquiry assembled in May 1968 and November 1971. In a note, the Ministry of Defence replied:

> "The Court of Inquiry held in May 1968 had merely recommended that the cost of trees lost due to fire and/or where saplings did not survive may be written off and that GE Staff should immediately report any fire or damage by fire to the Station Fire Section. No particular action appears to have been taken on this Inquiry Report.
>
> As regards the report of the Court of Inquiry held in November 1971, the Court had recommended that approval may be given to replant the trees within the sanctioned amount and the work may be entrusted to the Forest Department. It has since been decided that arboriculture work will be entrusted to the Forest Departments of the State Governments. The Punjab and Haryana Governments were accordingly addressed in the matter and they have agreed to our proposal to take over this work. As regards an independent inquiry by the SPE, efforts were made but it was not found feasible by the CBI to undertake the inquiry after such a distant time because of the non-availability of witnesses etc."

5.26. At the Committee's instance, the Ministry also furnished copies of the reports of the Court of Inquiry held on 13 May 1968, of the Board of Officers convened in February 1971 and of the Court of Inquiry ordered in November 1971.

5.27. With reference to the observations in the Audit paragraph that further plantation of trees was not done at the Air Force Station, the Committee desired to know how the need for camouflaging was being served at the station and whether the arboriculture work had since then been entrusted to the Forest Department. In a note, the Ministry stated:

> "The left-over plantation along with other camouflage measures like camouflage painting etc. provide necessary camouflage to the Station. However, in view of the financial stringency, the stations in the .....Sector have been accorded low priority in respect of camouflage measures. As already stated, arboriculture work will be entrusted to the Forest Departments of the State Governments. The Punjab and Haryana Governments have agreed to take

over this work. The reply from West Bengal Government is awaited.."

5.28. The facts brought out in the preceding paragraphs in regard to the execution, for camouflage purpose, of an arboriculture scheme at an Air Force Station give rise to serious misgivings in the mind of the Committee. Judging from the findings of the different Courts of Inquiry and the conflicting views expressed on this case by the Military Engineer Services and the Air Force authorities, and in the absence of adequate recorded evidence for the purchase of seeds and saplings, completion of various jobs, handing and taking over of the trees claimed to have been planted as well as for the alleged destruction of a large number of trees by accidental outbreaks of fire, the Committee cannot accept the plea that out of the total number of 51,657 trees claimed to have been planted, at a cost of Rs. 1.31 lakhs, as many as 30,212 trees (58 per cent) had been destroyed by fire and another 18,345 trees (35 per cent) had failed to take root. On the basis of the evidence made available to them, the Committee are inclined to agree with the Commander of the Air Force Station who felt that the fact whether such a large number of trees had actually been planted needed investigation by an independent agency.

5.29. Though the Defence Secretary also conceded during evidence that 'there are many tragedies in this case' and that he hardly had any justification to offer for the figures indicated in the Audit paragraph, he informed the Committee that some of the documents which were reported to be untraceable earlier had been traced subsequently and records had also been found to exist in respect of some of the fires. After the Committee had taken up examination of this case, the Deputy Secretary (Vigilance) in the Defence Ministry had also been appointed as an Inquiry Officer to investigate various aspects of the case. Much time has elapsed since then, and the Committee expect that these enquiries have been completed The findings of the Inquiry Officer and the subsequent action, if any, taken in this regard should in some detail, be intimated to the Committee.

5.30. Perhaps the picture would have been different if this work had been initially entrusted not to the Military Engineer Services, but to the Forest Department which has the requisite competence and expertise. Apart from the expenditure incurred on the arboriculture scheme proving to be infructuous, the camouflage needs of the Air Force Station have also not been adequately met. This Min-

istry, wiser after the event, have now decided to entrust the arboriculture work to the State Forest Departments. The Committee trust that the results will perhaps be happier.

5.31. Incidentally, the Court of Inquiry assembled in November 1971 is found to have observed, inter alia, that the projects being old, all persons concerned and the relevant information were not available. Apparently, there were a number of missing links which had not been satisfactorily explained. The Committee fail to understand why the officers concerned had not been summoned from other stations and the position clarified before the Court. The Engineering authorities, however, contended that the non-production of the relevant witnesses and documents before the Court of Inquiry had not been brought to their notice earlier. The Committee take a serious view of this lapse and would like to be informed of the correct factual position in this regard which was also to be gone into by the Inquiry Officer.

5.32. The Committee consider it strange that while ordering, earlier, in March 1970, and on his own initiative, the assembly of a Court of Inquiry to check and ascertain the tree plantation casualties under the arboriculture scheme, the Commander of the Air Force Station had appointed one of the witnesses as a Member of the Court. It also appears that some of the MES personnel concerned had declined to tender evidence before the Court in the absence of suitable orders from the engineer channels. Thus, the Court could not complete its proceedings and by the time the necessary permission was accorded, in July 1970, by the Commander Works Engineer, the inquiry itself had been abandoned. The Committee are dissatisfied with the manner in which this issue has been handled. As pointed out elsewhere in this Report, Government must ensure that necessary inquiries, whenever considered appropriate, are held soon after the event so that prompt remedial measures can be taken. It should also be ensured that such inquiries are conducted, as far as possible, with the utmost objectivity and by persons who are entirely unbiased and unconnected with the cases under scrutiny.

VI

LOSS OF STORES

Audit paragraph

6.1. An imported consignment of 56 drums of an important and costly raw material required for production of special type of strengthened steel was unloaded at port in good condition on 27th September 1970. Necessary forwarding note for despatch of the consignment by rail to a factory (located at a distance of forty kilometers approximately from the port) was submitted by the Embarkation Headquarters the following day and accepted by the Port Trust. Three wagons were placed on 29th September 1970 for loading these drums. Nineteen drums were loaded in one wagon the next day. Two of the wagons were considered unfit by the Port Trust and the drums were not loaded in those wagons. The balance thirty seven drums remained in the shed of the Port Trust. Although the Port Trust was responsible for security of the consignments in the shed, it had no objection if a consignee also made arrangements for keeping watch over the consignments in the shed as a measure of additional precaution. Embarkation Headquarters posted three chowkidars at the jetty on shift duty for keeping watch over the drums.

6.2. On 3rd October 1970 some of the drums lying in the shed were found to have been tampered with. A survey conducted by the Port Trust on 16th October 1970 disclosed that three drums were empty and seven others were broken or punctured from which 3,358 kilograms of the raw material worth Rs. 1,15,079 (including freight, customs duty and landing charges) had been stolen. The Embarkation Headquarters had not informed the Port Trust that the drums contained raw material required for making special type of strengthened steel. While sending the survey report to the Embarkation Headquarters, the Port Trust stated that had the fact that the drums contained important raw material been known to it, strong precautinary measures could have been arranged. It further stated that the pilferage could have been avoided had direct delivery of the drums been arranged by the Embarkation Headquarters.

6.3. The Director General, Ordnance Factories, reported in September 1971 to Army Headquarters that pilferage of such a large

quantity of raw material had caused grave concern and suspicion and suggested that the loss of such an important and costly raw material essential for defence production should be thoroughly investigated by a Court of Enquiry, and remedial measures taken. The Embarkation Headquarters, however, then felt that no useful purpose would be served by instituting a Court of Enquiry and the Court was not likely to bring out any tangible evidence.

6.4. Ultimately a Court of Enquiry was held in April 1973 more than two years after the event. The Court concluded that the material was stolen by some unidentified expert professional thieves. It did not suspect any collusion of the chowkidar with the culprits but felt that he was either away from the place of duty or was soundly asleep in a secluded corner when the theft took place. The General Officer Commanding-in-Chief of the Command was of the opinion that, while the physical loss amounted to Rs. 1,15,079 only, the invisible loss was "many times more in terms of time, effort and foreign exchange besides profit made by unscrupulous customers buying such material from the thieves."

6.5. The Ministry stated (December 1973) as under:

(a) Direct delivery is a process which is solely in the interest of the Port Trust as thereby it can avoid the responsibility for security of stores. As such, initiative for direct delivery normally comes from the Port Trust. In the present case suggestion was made by the Port Trust for taking direct delivery.

(b) The Port Trust has agreed to make an *ex-gratia* payment of Rs. 50,000 to compensate the loss.

(c) Better security arrangements have now been made in the dock and jetty areas of the Port.

[Paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1972-73 Union Government Defence Services.)]

6.6. The Audit paragraph points out that the imported consignment of 56 drums of an important and costly raw material was intended for despatch to a factory located at a distance of about 40 kilometres from the port and that after loading 19 drums in a wagon on 30 September 1970, the remaining 37 drums had been kept in the custody of the Port Trust as two of the wagons were considered unfit by the Port Trust. The Committee desired to know the reasons for not despatching these drums by departmental trucks to the factory, which was only 40 kilometres away, when it was known that two

of the wagons were unfit for loading. In a note, the Ministry of Defence stated:

> "The Embarkation Headquarters, Calcutta, is not authorised transport for this purpose. It is a very small unit and their main role is that of clearing agents at the port of Calcutta. As per rules, stores for units and establishments connected by rail are required to be booked by rail as it is the most economical mode of transportation."

Asked why trucks had not been requisitioned from the factory for the purpose, the Quarter Master General replied in evidence:

> "This was not the first consignment. Although the....factory may have some trucks, it is done on their initiative, if a particular consignment has to be specially treated, *i.e.*, if it has to be taken by road transport instead of the normal method or means which is rail transport. But if I may point out here, from the point of view of cost of transportation, it is many times more expensive to the State to transport it by road transport.
>
> Another aspect is that when the stores are transported by rail, the wagons are loaded in the port commissioners' area where the goods have been brought from the ships. They are sealed and sent directly to the siding inside the.... factory and, therefore, they are safe from the transit point of view and there is no double-handling. Whereas, if the item is to be loaded in trucks, a number of trucks would have to go. Since the trucks cannot be sealed, some manpower would have to be made available in each vehicle to provide the necessary security."

The Defence Secretary added:

> "For these practical reasons, they considered it desirable to utilise the mode of railway transportation rather than road transportation."

On the Committee pointing out in this connection that since the consignment was a valuable one likely to be pilfered or misutilised, adequate steps should have been taken to arrange for transportation by road, notwithstanding the normal procedure in this regard, the Defence Secretary replied:

> "It is a rare commodity, but even this was coming in a regular way. The rail transportation system had been in

vogue for a long time and this was considered to be safer and more practical than road transportation. So, they continued to use the same procedure."

6.7. According to the Audit paragraph, the Embarkation Headquarters had not informed the Port Trust that the drums contained important raw material and that after the theft of the material valued at Rs. 1,15,079 had occurred, the Port Trust, while sending the survey report to the Embarkation Headquarters, had stated that had this fact been known to it, "strong precautionary measures could have been arranged". Asked why the Port Trust authorities had not been informed of the valuable nature of the consignment, the Defence Secretary replied:

"This was not necessary because all the documents were in possession of the port authorities. They knew what commodity was coming and they knew the value thereof and they would come in the picture as to how they should safeguard it. They did take special precautions in keeping the store in a special security godown, and that was locked, and they had appointed chowkidars to look after it. So, they knew the value and the special nature of this commidity."

On the Committee drawing the attention of the witness to the statement made by the Port Trust in this regard, he replied:

"Please also try to believe us that they had the documents in their possession and they should have known. This statement should not carry much weight."

He added:

"We did not and it was not considered necessary because the Port Commissioners had full knowledge of what it was."

6.8. The Port Trust had also stated, according to Audit, that the pilferage could have been avoided had direct delivery of the drums been arranged by the Embarkation Headquarters. Asked why this was not resorted to as the cargo was considered to be precious, the Defence Secretary replied:

"It is more hazardous. It does not allow something for inspection. They have been responsible if anything goes wrong. Normally they would prefer this system. Direct delivery is resorted to at the instance of the Port Commis-

sioner. They adopted the normal procedure. Never before such a thing happened. Unfortunately, at this stage it happened."

An explanatory note furnished by the Ministry to Audit in this regard is reproduced below:

"Whenever any stores are received from abroad at any port, the Port Trust Authorities/Port Commissioners take charge thereof. Embarkation Commandant....is allowed by the Port Commissioners,....a total of four working days including date of landing as free time from the clearance of the stores. Thereafter extra wharfage is charged. As long as the stores remain in the custody of the Port Commissioners, they are responsible for their safe custody and liable to pay compensation for any damage/pilferage.

Direct delivery means that the Embarkation Commandant will take charge of the stores immediately on receipt at the port and arrange despatch to the consignees. In such cases Embarkation Commandant is required to synchronize all arrangements in such a way that the stores are directly loaded from the ship/barges into the Railway wagons/trucks and despatched to the consignees. Embarkation Commandant in such cases does not get adequate time to check the stores properly for any damage/pilferage during sea transit. Also if any of the arrangements made for despatch of the stores do not materialise, the stores remain in the open involving greater hazards of damage/pilferage, absolving Port Trust Authorities/Port Commissioners of all liabilities. In view of this direct delivery is not normally taken by the Embarkation Commandants.

However, in cases where the stores are very costly and packages are such as can be easily pilferred, Port Trust Authorities/Port Commissioners insist upon direct delivery to absolve themselves of the great financial risks involved in storing such consignments. Embarkation Commandants in such cases have to comply with such directions from the Port Trust Authorities/Port Commissioners."

6.9. The Committee desired to know the arrangements that existed for safeguarding strategic defence materials imported from abroad. The Quarter Master General stated in evidence:

> "When once the items have been landed, the Embarkation Headquarter's task is to carry out a joint survey with the Port Commissioner's staff to see that the items are in good condition and not in damaged condition. Once they have landed and both the parties have examined the goods, they are handed over immediately to the Port Commissioner for transportation and a document is signed."

He added:

> "We do not make any safeguarding arrangements except when the consignee intimates that they would like the items to be escorted, in which case an escort is arranged at the initiative of the consignee."

The Defence Secretary stated in this connection:

> "For your information, Sir, we have an elaborate system and we provide special staff where necessary and take all precautions. But when the goods are in the custody of the port authorities, it is not obligatory on the Embarkation Headquarters to do anything."

To another question whether any special security measures are taken in order to ensure that vital consignments were not pilfered, the witness replied:

> "Depending on the nature of the things and the situation and the mode of transportation, there are instructions."

Asked whether, in this particular case, any special attention was considered necessary, the witness replied:

> "This commodity, i.e. Ferro Molybdenum, had been imported on many occasions in the past and this kind of thing had not happened, and, therefore, the question of any special arrangement to be made on this occasion did not arise. But certainly, we are wiser now and have taken some internal decisions for safeguarding such things in future."

He added that as long as the consignment was in the custody of the Port Trust, it did not require any special arrangements.

6.10. Since it has been stated that special arrangements were not considered necessary in this case, the Committee desired to know

the reasons for the Embarkation Headquarters posting three chowkidars at the jetty. A representative of the Embarkation Headquarters stated in evidence:

> "Here we provided a chowkidar on the jetty as an additional measure. I kept my man all the time there so that he can keep an eye on the drums and when the shed was locked, if anything happens, he can report to me. That is what he did on the 3rd of October; otherwise I would not have known till even the next day."

Elaborating on this point further, the Quarter Master General deposed:

> "I would like to clarify the purpose of positioning those chowkidars. For a number of days, sheds were being worked round the clock. When the sheds were being worked, all the gates of the sheds were open and the consignments were going to lie in the open initially, until they were moved into the sheds. When the sheds were being worked, all the doors were open. Then, the drums were to be loaded in wagons when these wagons were positioned. The purposes for which the chowkidars were positioned were to keep an eye on the drums while they were lying in the open, to keep an eye on the drums from outside when the sheds were being worked and the gates were open, to keep an eye on the drums when they were being taken out of the sheds and being loaded in the wagons and to keep an eye on the wagons when they were still in the siding and being loaded. When the sheds were locked and sealed by the Port Commissioners staff, the chowkidars had no responsibility."

Asked whether the chowkidars had been posted solely to keep a watch over this consignment or whether there were other defence stores also on the jetty on which they were expected to keep a watch, the representative of the Embarkation Headquarters stated:

> "56 drums were landed. We posted three chowkidars—one at a time mainly to look after these drums. We did not have any other store. Not only our material was not there but hundreds of packages belonging to other parties were there."

6.11. With reference to the earlier statement made by the Defence Secretary during evidnce that the Port Trust had taken special pre-

cautions in keeping the stores in a specially locked security godown and that three chowkidars had also been posted to look after the consignment, the Committee enquired how the theft could have taken place if all these precautions were taken. The Defence Secretary replied:

> "It does happen sometimes with utmost precautions. Actually, the commodity was in the custody of the Port Trust authorities. Before delivery was taken, the theft took place."

6.12. A copy of the Report of the Court of Inquiry, assembled in April 1973, to investigate into the loss of the stores, was made available, at the Committee's instance, by the Ministry of Defence. On a perusal of the evidence tendered before the Court, the Committee found that the Assistant Superintendent, Traffic, of the Port Trust had, *inter alia*, deposed before the Court as follows:

> "Fifty-six drums containing Ferro Molybdenum were received ex SS-VISHVA TEJ and kept inside shed No. 3 on 24, 25 and 26 September 1970. Forwarding Note for despatch of stores in covered wagons was received from Embarkation Headquarter, Calcutta on 28 September 1970. On the afternoon of 30 September, 19 drums were loaded in wagon No. CRCG-29546. On 1 October, 1970, there were no wagons available. On the same day, i.e. on 1 October 1970, the shed was closed at 2000 hrs. for want of any work in the shed. 2 October 1970 was Mahatma Gandhi's birthday and the port remained entirely closed on that day. Shed No. 3 was not opened at all on that day.
>
> On 3 October 1970, shed No. 3 was opened for the first shift by a police constable and Sri S. K. Seal, Upper Division Staff of the shed. On opening, it was detected that out of the 37 drums remaining inside the shed, 3 had become entirely empty and contents of 7 other drums had been partly missing. It was apprehended that theft of stores had taken place at the time when the shed had remained closed. The 3 empty drums, along with 1 more drum which had been almost half empty, were removed, at once, inside a lock-fast; while the other 6 drums which appeared to have been tampered with were kept inside an empty wagon of the Port Commissioners and locked. On 3 October 1970, wagon No. BOX-66915 was available

and 27 drums which had remained intact were loaded in that wagon. Thus only 10 suspected drums remained with the Port Commissioners."

On the Committe pointing out that this evidence seemed to suggest that special security arrangements had not been made *ab initio* in respect of this consignment, the Quarter Master General stated:

"From the very beginning they were in this shed. Originally it was being worked day and night and when the shed doors were opened, drums were inside the shed. It was only on the evening of 1st October because there were two holidays coming and the sheds were not going to be opened, the Port Commissioner's staff closed it, sealed the doors. There are 62 doors of this huge shed. All the other doors were bolted from inside by the staff of the Port Commissioner and the lock was put on one gate. That was the situation."

The Assistant Traffic Superintendent had also further deposed before the Court of Inquiry as follows:

"Shed No. 3 is a two-storeyed building. The ground floor is about 570 feet long and 150 feet wide. It has 4 strong rooms, known as lock-fasts, on the ground floor. There are same number of lock-fasts on the first floor. It has 60 doors which used to be opened according to the requirement of operational work. Except for the main door, all doors had locking devices from inside. The main door used to be closed from outside with two padlocks. one of these locks belonged to and was used by the police and its key remained in their custody and kept at their nearest station. The other lock belonged to and was used by the Port Commissioner's men and its key kept in the office room of the Assistant Superintendent of the Section. The key of the police used to be handled by the police constables and that belonging to the Port Commissioners, by an Upper Division Staff of the shed, as authorised by the Assistant Superintendent of the Section, on duty. Office room of the Assistant Superintendent remained opened round the clock, as one Assistant Superintendent remained always on duty, regardless of Sundays and holidays."

Asked whether this did not indicate that the drums were only lying around in the shed and no special measures had been taken, the Defence Secretary replied:

> "Inside the locked shed there is another enclosure called the lock fast."

To another question whether the drums had been stored from the very beginning in the lockfast, the witness replied:

> "Not in the lock-fast but in the shed."

The representative of the Embarkation Headquarters added:

> "These drums were not in the lock-fast. Normally the Port Commissioners put small packages i.e. packages which are manhandleable in the lock-fast. In this case, Sir, you will observe that packages were very heavy weight 1 ton each. As such these could not be placed in lock-fast. You will further observe, Sir, when three drums were empty and some partially empty, these were put in the lock-fast."

6.13. The Committee found from the proceedings of the Court of Inquiry that the DAMG, Shipping, in the Embarkation Headquarters, had deposed, *inter alia*, before the Court as follows:

> "Long before the arrival of the ship, we got information of the stores on board. We requested General Manager.... (the consignee factory), vide our letter No. 4169/8/18/SP(i) of 18 August 70 to keep a party ready to escort the stores. Copy of this letter was endorsed to the DGOF. The DGOF was not willing to take any responsibility for the security of the stores. His HQ vide their letter No. V-41|USA|AUG-70|EC of 27 August 70 suggested arrangement of Army escort. They sent a copy of this letter to the Director of Movements, Army HQ who remained silent on the subject. This letter was endorsed to..... (the factory) also.... (The factory) neither provided any escort nor did they reply to our letter or to the letter of the DGOF."

6.14. When the attention of the Ministry was drawn by the Committee to this deposition, the representative of the Embarkation Headquarters stated:

> "When I wrote the letter to....factory and to DGOF, I was thinking only of rail transit, because the situation in Calcutta at that time was very bad."

Asked about the conditions prevailing in the port area and whether no arrangements there were considered necessary, the witness replied:

> "Calcutta Port is very much inside Calcutta but Calcutta Port is a protected area and the port authorities are there for security."

On the Committee observing in this connection that in the port area, crime was as rampant, if not more, than elsewhere in the city, the witness stated:

> "I would like to explain that I had heard about minor thefts but not major thefts like this in Port area; I am sure the Port Commissioners will confirm that such type of theft had not taken place earlier."

The Defence Secretary, however, added:

> "It is not the question of crime; it is the question of jurisdiction. The port authorities there are incharge. All the arrangements there are their responsibility and they have their elaborate security staff."

6.15. Referring again to the evidence of the DAQMG before the Court of Inquiry, the Committee pointed out that while a party to escort the stores had alone been requisitioned from the factory and that escort during the journey had not been specified. The Defence Secretary replied:

> "Escort only means during a journey, and this journey is by rail. Sometimes hazardous journey by rail has to be undertaken of sensitive stores and in that case, we do provide escorts."

6.16. Asked why the General Manager of the factory and the Director of Movements had failed to respond to the request for an escort, the Defence Secretary replied:

> "Suppose, the authorities who are responsible for providing military escort consider that in this case, military escort was not necessary."

The Committee, therefore, desired to know why an escort had been asked for in the first place if the consignment was not one of the

items for which escort was required to be provided. The representative of the Embarkation Headquarters stated:

> "That was in view of the situation obtaining in and around Calcutta in those days. I tried to take extra precaution because rail transit was hazardous at that time. Lot of wagon breakings were going on and the affected areas were Dum Dum, Baranagore, Barackpore and Baliaghat."

Since the DAQMG appeared to be clear that an escort was necessary in view of the conditions then prevailing, the Committee desired to know why he had not ensured that an escort was provided. The Defence Secretary stated in evidence:

> "At that time we were concerned with this matter in another capacity and there were many other things which were required to be done to meet the situation. Unfortunately requirements were far beyond our capability and it would have cost much more money."

Asked what the DAQMG had done when no reply had been received to any of the communications, the representative of the Embarkation Headquarters replied:

> "I did a very simple thing. When the store actually arrived, I sent a telegram again to.... (the factory) asking them to send escort saying that if they did not provide an escort the responsibility will lie with them. But no reply to the telegram was received and I had to swallow it."

6.17. The Committee, therefore, enquired into the action taken by the recipients of the various communications in this regard and the reasons for their apparent indifference. In a note furnished to the Committee, the Ministry of Defence replied:

> "On receipt of an intimation of the consignment, Embarkation HQ, Calcutta wrote to the General Manager....in the Anticipated Out Turn Report No. 4169|8|SP(i), dated 17th August 1970 as under:
>
> 'Please confirm whether the stores are to be despatched to you under escort. If to be escorted the escort should report to this HQ 2 days ahead of the ETA of the vessel. Please also note that if no reply is received by 22nd August 1970, it will be presumed that the stores are to be despatched to you unescorted. The escort should be

issued with sufficient TJRA for their to and fro journey'.

Embarkation HQ in their letter No. 4169|8|18|SP(i) dated 18th August 1970, again asked the factory to arrange to keep an escort party ready for escorting the 56 drums of Ferro Molybdenum from Calcutta Docks to.... A copy of this letter was also endorsed to DGOF, Calcutta. The DGOF in his letter No. V-41|USA|Aug-70|E|C, dated 27th August 1970, invited the attention of Embarkation HQ to the general instructions contained in QMG Branch, Army HQ letter No. 69678|QMov S-1 dated 19th May 1964, according to which the responsibility for arranging escort rested with the Embarkation authorities at the ports. In view of this position, DGOF, Calcutta advised Embarkation HQ to take necessary action under advice to all concerned, and also instructed the consignee to intimate by return of post if the stores were required to be despatched to the factory under escort. Copy of this letter was endorsed to the Director of Movements, Army Hqrs. Since action to arrange for the escort was required to be taken by the Embarkation Hqrs. in consultation with the local Military Commander and not by Army Hqrs., the Director of Movements, Army HQ did not take any action on the copy of letter received by him.

On arrival of the consignment, a telegram was again issued by Embarkation Hqrs. to the consignee on 8th September 1970. The consignee factory replied by telegram No. 5690/1/R/CP/FP, on 10th September 1970 and on the post copy of the telegram, while inviting the attention of the Embarkation Hqrs. to QMG's Branch's general instructions of 19th May 1964, requested them 'to arrange despatch of the consignments in question insecurely covered wagons, under clear R|Rs and duly escorted' under Embarkation HQ's own arrangements, as considered necessary.

In this connection, it is mentioned that the loss in the present case took place when the consignment, having been unloaded from the vessel, was lying in the custody of the Port Commissioners. The provision of escorts could not have prevented the loss which took place before the stores were loaded into the train for despatch to the consignee. It is also mentioned that according to para 11 of Army HQ Standing Operation Instruction—Section 19,

which was in force in September 1970, when the stores were received, the item ferro-molybdenum was not required to be despatched under escort."

6.18. The Committee desired to know when the theft had been reported to the Director General, Ordnance Factories. The Quarter Master General stated in evidence:

"They got to know on the morning of 3rd of October."

He, however, added:

"When I say DGOF, I really mean.... (the factory)."

Asked how long after the occurrence of the theft, the DGOF had been informed, the witness replied:

"DGOF was informed on the 11th of November. It is a month and eight days."

The Committee were, however, informed by Audit in this connection that the Directorate General of Ordinance Factories had stated as follows:

"It was only in August 1971 that this office came to know of the pilferage having been committed in respect of ten drums in question through papers enclosed with Embarkation Commandant, Calcutta's letter No..... dated 30th July 1971 addressed to Army Headquarters, New Delhi. Sanction of Army Headquarters was sought for dropping the claim and ultimate regularisation thereof at consignee's end."

Since this implied that the theft had been reported to the Director General, Ordnance Factories, only after the lapse of nearly ten months, the Committee asked why it should have taken so long to report the theft. A representative of the Defence Minisry replied:

"On 11th November 1970, the Embarkation Commandant had addressed a letter to the Docks Manager, a copy of which was also endorsed to the General Manager....informing him about this theft. The letter of 30th July, 1971 is relevant because, on this date the Embarkation Commandant had informed the Army Headquarters that the claim was time-barred. The DGOF had reacted then. When this copy had reached the DGOF, he reacted, saying that the theft had occurred in very suspicious circumstances. A

Court of Enquiry must be held to prevent recurrence of thefts in future."

To another question whether the consignee factory had no responsibility cast on it to report such thefts and losses to the Director General, Ordnance Factories instead of leaving it entirely to the Embarkation Headquarters, a representative of the Directorate General of Ordnance Factories replied:

"I do not have the information as to when they received the information. Normally they do report."

The Defence Secretary added:

"Your point is well taken, Sir."

6.19. In a note furnished subsequently in this regard, the Ministry of Defence informed the Committee as follows:

"....(The factory) received consignments of ferro-molybdenum on October 8 and October 28, 1970. After verification of the consignment, the factory informed the Embarkation Commandant, Calcutta, about shortages detected vide letter No. 5690|17|R|CP dated 10-11-70. A copy of this letter was also endorsed to the Director General of Ordnance Factories.

The information about the theft of this subject store was sent to....by the Embarkation Commandant, Calcutta, vide his letter No. 4169|8|89|SP(a) dated 11-11-1970. The Embarkation Commandant had addressed this letter to the Dock Manager, Port Commissioner, Calcutta and endorsed its copies to the.... (factory) and the Director General of Ordnance Factories.

As the information of theft was simultaneously relayed to the .... (factory) and the DGOF by the Embarkation Commandant, there was no delay on the part of any officer of the....in informing the DGOF about this theft."

6.20. The Audit paragraph points out that though the Director General, Ordnance Factories, had suggested, in September 1971, that the loss of such an important and costly raw material essential for defence production should be thoroughly investigated by a Court of Inquiry, and remedial measures taken, the Embarkation Headquarters had, however, felt that no useful purpose would be served by instituting a Court of Inquiry and the Court was not likely to bring

out any tangible evidence. Asked why the Embarkation Headquarters had resisted an inquiry, the Defence Secretary replied:

> "It was not. There was no question of resisting. The point was that these goods were in the godowns of the Port Trust Commissioners and the Army authorities had nothing to do with them. What enquiry could they hold in the jurisdiction of somebody else? The question of a Court of Enquiry by the Army authorities did not arise so long as the goods were in custody of the Port Commissioners. After that, they were put in the railway wagons and the jurisdiction transferred to the railway authorities. So, the moment the responsibility of any army authority would have come in, certainly the Court of Enquiry by them would have been justified."

The representative of the Embarkation Headquarters, asked to clarify the position in this regard stated:

> "The loss took place in the locked shed of the Port Commissioners. We had nothing to do with it; it did not take place with us."

To a specific question whether they had opposed the suggestion that there should be a Court of Inquiry, the witness replied:

> "We had opposed the suggestion of Army Court of Enquiry because we felt that the Army Court of Enquiry should not be held on us in this case. We had suggested that it will be absolutely useless and fruitless."

The Defence Secretary added in this context:

> "He is saying that the thing was not in his jurisdiction; and that, therefore, the enquiry against him was not called for. The custody was that of the port authorities."

On the Committee poining out, in this connection, that even if a fact-finding inquiry by an Army Court was considered to be not necessary in this case, the concerned authorities could have at least arranged for a combined inquiry by the civil police and others, the Defence Secretary stated:

> "We do not meddle with other people's business."

Since the whole object of the inquiry suggested by the Director General, Ordnance Factories, seemed to be to take remdial measures and could have, therefore, been quite comprehensive, the Committee

desired to know why a rather restricted view should have been taken in this regard. The Defence Secretary stated in evidence:

> "Let me read out what the Embarkation authorities had to say:
>
> 'The loss took place while the goods were in the custody of the Port Commissioner and he immediately asked for a departmental enquiry and informed the police authorities, including the C.I.D. The Port Commissioner immediately registered the case on 3rd October, 1970:
>
> It is all there; it is not as if they did not initiate action."

The witness added:

> "In the language of Defence, the Court of Enquiry is confined to the conduct of the people immediately concerned."

In this context, a representative of the Ministry stated:

> "The Court of Inquiry was held eventually."

6.21. The Court of Inquiry, assembled in April 1973, more than two years after the event, had opined as follows:

> "The Court is of the opinion that firstly, 3358.394 kgs. of Ferro Molybdenum received per S.S. VISHVA TEJ in September 1970, meant for....and valuing at Rs. 1,15,078.70 (One lakh and fifteen thousands and seventy eight rupees and seventy paise), including freightage and customs duty and landing charges, were stolen from No. 3 Garden Reach Jetty of the Port Commissioners of Calcutta, while the store were under the control of the said Commissioners, either after 2030 hrs. on the night of 1/2 October, 1970 or during the night of 2/3 October, 1970 by some unidentified, expert, professional thieves, in collusion with one or more persons of the Port Commissioners and one or more persons of the then Calcutta Port Police; secondly, Embarkation HQ, Calcutta have taken proper and appropriate action, without delay, at all stages of this case; and thirdly, because of the peculiar legal position of this case, it should be referred to the Ministry of Law, Government of India, to decide whether the Ministry of Defence should write off the loss or it should be borne by the Ministry of Shipping and Transport or by the Ministry of Railways."

On the findings of the Court, the Commander, Calcutta Sub-Area had observed:

> "I agree with the opinion of the Court. I recommend that the Ministry of Law, Government of India would be consul-

ted to decide whether the Ministry of Defence should write off the loss or it should be responsibility of Ministry of Shipping and Transport or by the Ministry of Railways."

While partially endorsing the views of the Commander,, Calcutta Sub-Area, the General Officer Commanding, Bengal Area had stated:

"I partially agree with the opinion of Commander, Calcutta Sub-Area.

The loss of 3358.394 Kgs. of Ferro Molybdenum amounting to Rs. 1,15,078.70 (Rupees one lakh fifteen thousand seventy eight and seventy paise only) occurred while the store was in the custody of Port Commissioner in shed No. 3 of Garden Reach Jetty.

The case relates not only to the physical loss of 3358.394 kgs. of Ferro Molybdenum amounting to Rs. 1,15,078.70 (Rupees one lakh fifteen thousand seventy eight and seventy paise only) but to the invisible loss many times more of this rare imported material in terms of time, effort and foreign exchange besides profit made by unscrupulous customers buying such material from the thieves.

I recommend that the case be referred to the appropriate authorities to ascertain which Ministry should bear the loss and for taking necessary steps as considered necessary for tightening security measures. Exact responsibility in such cases may also be laid down to obviate any doubt."

These recommendations had been accepted by the General Officer Commanding-in-Chief, Eastern Command, who had added that the case be referred to the appropriate authorities to ascertain as to which Ministry should bear the loss.

6.22. Asked whether similar cases of theft had come to notice earlier and what additional measures had been taken to prevent the recurrence of the loss of such valuable material, the Defence Secretary replied:

"You should accept that had there been a similar case earlier, people would have been wiser. We became wiser after the event. This event had happened. We will certainly be wiser in future."

As regards the preventive measures taken, enquired into by the Committee, the witness stated:

"I think the Central Industrial Security Force is now being utilised to safeguard stores of this nature."

In a note furnished in this regard, the Ministry of Defence stated:

> "The Port Commissioners have replaced the Calcutta Port Police which was responsible for the security of the stores in Calcutta Docks by the Central Industrial Security Force personnel."

To another question why these arrangements could not be made earlier, the Ministry replied:

> "The responsibility for safeguarding of stores in the Port area is that of Port Commissioners, Calcutta. The Embarkation Commandant has no control over this aspect"

6.23. The theft of 3,358 kilograms (value Rs. 1.15 lakhs) of an important and costly raw material, required for the production of a special type of strengthened steel, in the premises of the Port Trust, causes grave concern to the Committee. As has been rightly pointed out by the General Officer Commanding, Bengal Area, apart from the immediately ascertainable monetary loss arising out of this case, the invisible loss in terms of time, effort and foreign exchange and the profits accruing to the unscrupulous purchasers of the rare, imported material, would be many times more than the physical loss.

6.24. The Committee observe that the Port authorities had not been informed that the imported consignment was an important raw material and that the Port Trust had stated, after the occurrence of the theft, that, if this fact had been known, "strong precautionary measures could have been arranged." This, unfortunately, had not been considered necessary because it was assumed that the Port Trust was already in possession of the relevant documents and, therefore, had full knowledge of the valuable nature of the consignment. The Committee are, however, of the opinion that the mere fact that the Port authorities were in possession of the documents did not mean that they really appreciated the value and importance of the consignment from the consignee's point of view. Indeed, whenever scarce and strategic stores are imported from abroad, the Port authorities should invariably be informed precisely and suitably of the importance of adequate precautionary measures being taken to safeguard such stores by keeping them in 'lock-fast' or other security areas. The Committee stress that there should be close coordination between the consignees, the Embarkation Headquarters and the Port authorities in this regard. The Committee would also suggest that the Ministry should undertake a compre-

hensive review of the existing arrangements for the handling of vital and sensitive defence equipment and raw materials at the ports so as to ensure their safe delivery and the prevention of pilferages.

6.25. The theft in this particular case could, perhaps, have been prevented if adequate action had been taken by the Embarkation Headquarters, in close coordination with the Railway authorities, to ensure that wagons which were in sound and rail-worthy condition were made available for movement of the consignment immediately on arrival at the Port. The Committee would, therefore, urge the Ministry also to review the present arrangements for the despatch of sensitive stores and other items from the ports to the consignees and ensure that such sensitive items are not allowed to remain in the ports longer than is absolutely unavoidable.

6.26. According to the findings of the Court of Inquiry, assembled in April, 1973 to investigate into the loss, the subject stores had been stolen from the jetty, while they were in the custody of the Port authorities, by unidentified professional thieves, in collusion with one or more persons of the Port Trust and one or more persons of the then Port Police. The Committee have also been informed that immediately after the theft came to light, the Port Commissioners had ordered a departmental enquiry and registered a case with the Police and the C.I.D. The Committee would like to be informed of the outcome of these investigations.

6.27. The Committee note that the Port Trust had agreed to make an ex-gratia payment of Rs. 50,000 to compensate the loss and would like to know whether this amount has since been paid. Now that the security arrangements have been tightened with the replacement of the Port Police by the Central Industrial Security Force, the Committee expect that such thefts would be prevented.

6.28. The evidence in his case also reveals a certain neglect and indifference on the part of the Defence authorities. Long before the arrival of the stores, the Embarkation Headquarters had, as an extra precaution called for by the situation obtaining at that time in and around Calcutta, requested the consignee factory, on 18 August, 1970, to arrange an escort for the stores from the docks to the factory. A copy of this letter had also been endorsed to the Director General, Ordnance Factories who, while unwilling to accept any responsibility for the security of the stores, had pointed out, on 27 August, 1970, that under the instructions in vogue, the responsibility for arranging an escort rested with the Embarkation authorities at the

ports and had, therefore, advised the Embarkation Headquarters to take necessary action in this regard. The consignee had also been instructed simultaneously to intimate, 'by return of post', whether the stores were required to be despatched to the factory under escort, and a copy of this letter had been endorsed to the Director of Movements, Army Headquarters. While the Director of Movements took no action on the copy of the letter received by him, since action to arrange for the escort was required to be taken by the Embarkation Headquarters, in consultation with the local Military Commander, and not by the Army Headquarters, the consignee factory had not replied either to the letter dated 18 August, 1970 from the Embarkation Headquarters or to that dated 27 August, 1970 from the Director General, Ordnance Factories, till a telegram was again issued on 8 September, 1970. It is also not clear to the Committee why the Embarkation Headquarters, having considered it necessary to take extra precautions during transit, despite the fact that the consignment was not one of the items required, under regulations, to be despatched under escort, had not pursued this question to its logical conclusion in consultation with the local commander.

6.29. It is true that, as has been contended by the Ministry, since the theft in the present case had occurred when the stores were in the custody of the Port Commissioners, the provision of an escort would not have prevented the loss that took place prior to their despatch to the consignee. The Committee cannot, however, lose sight of the fact that adequate attention had apparently not been paid to important communications relating to a sensitive item of stores. It is regrettable that even in an area where the concerned authorities themselves considered some special security arrangements to be necessary, much time was taken up in inconclusive correspondence. The Committee would, therefore, like the Ministry to examine the reasons for the neglect, particularly on the part of the consignee factory, with a view to taking appropriate remedial measures.

6.30. There has also been considerable delay in arranging for a Court of Inquiry to investigate the case. The Committee find that though intimation in regard to the theft had been sent to the Director General, Ordnance Factories, in November, 1970 itself, the question of appointing a Court of Inquiry was taken up with the Army Headquarters by the Director General, Ordnance Factories some ten months later, in September 1971. While the reasons for this long delay have not been satisfactorily explained, the actual appointment of the Court took another fourteen months (December 1972) and the Court assembled only in April 1973, no less than thirty months

after the event. The Committee have learnt in this connection that since an Army Court of Inquiry is confined to the conduct of the people immediately concerned and in view of the fact that the theft had occurred when the stores were not within the jurisdiction of the Defence authorities, the question of an inquiry by the Army authorities did not arise. The Embarkation Headquarters had, therefore, opined that no useful purpose would be served by instituting a Court of Inquiry as this was not likely to bring out any tangible evidence. The Committee consider it unfortunate that such a restricted and purely legalistic view should have initially been taken. Since the inquiry had been suggested by the Director General, Ordnance Factories, with the objective of prescribing suitable remedial measures for the future, and the theft of a vital raw material had taken place in suspicious circumstances, the Committee are of the view that a comprehensive inquiry ought to have been promptly initiated.

6.31. Time and again, the Committee have been stressing the need for avoiding delay in the constitution of Courts of Inquiry. The inordinate delay in the present case emphasises its urgency. Government should ensure that such inquiries are held soon after the event, so that remedial measures can be taken and recurrence of such unfortunate cases prevented to the extent possible.

NEW DELHI;
October 27, 1976
Kartika 5, 1898 (*S*).

H. N. MUKERJEE,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDIX I

(*Vide* Paragraph 3,21)

Findings/Recommendations of the Court of Inquiry held on 8th May, 1974 to investigate into the excess payment of electricity supply charges to MSEB....

The Court having assembled pursuant to order, proceed to examine all the files produced by the CWE.....Office on the above subject. All documents in the files presented, pertaining to the subject, had to be searched for by the Court and information sifted. From these, the information obtained is brought out in subsequent paragraphs.

AFMC POONA

1. It is seen that on May 9, 1958, an agreement was signed between M|S.....Electric Supply Company,..... (hereafter referred to as PESCO) and Chief Engineer,.....Command Poona for HT Bulk supply to AFMC.....The contract demand being 250 KW with effect from 16 Nov., 1956 for an initial period of 5 years and thereafter year to year until the agreement was determined by either party. According to the conditions laid down by PESCO, the minimum demand which could be contracted for HT Bulk supply was 250 KW. It appears that the contract agreement continued as there is nothing to the contrary available in the files produced.

2. In Aug., 1962, CWE (Projects).....requested CWE.....for an extra requirement of 195 KW for the work being done by GE (CME).....at AFMC.....This request for extra 195 was meant to cater for:—

(a) Connected load of the 3 cold storage installations in the building	90 KW
(b) Load of the Officers Mess building	50 KW
(c) Air-conditioning in blood plasma	25 KW
(d) Dental training wing	30 KW
	195 KW

CWE POONA replied to CWE (Projects)....that the action for placing additional demand with PESCO may be taken by that office.

3. In Apr., 63, the office of GE.....applied to PESCO for provisioning of an additional load of 350 KW required for expanding the existing undertaking to meet the envisaged additional load consequent upon the additional equipment|installations. Details of the distribution for this extra requirement have not been furnished in the application.

4. Between the period Aug., 62 (after issue of letter at para 2 above) and the application for additional load in Apr. 63, the office of the CWE.....was not able to produce any correspondence| information to justify the increase in demand for power. The Court, therefore, adjourned for one week in order to enable the office of CWE.....to explore the possibility of producing any file|document justifying the extra demand for power. The Court having reassembled after a week, found that CWE's office.....still could not produce any correspondence|document|file necessitating the additional demand of 350 KW. Even the requirement of CWE (Projects) .....was only 195 KW.

5. On 4th July, 1963, Government of Maharashtra sanctioned the extra load of 350 KW applied for and also instructed to enter into an agreement with PESCO. PESCO intimated GE.....in Nov., 1963, that since they were handing over their business to the .....State Electricity Board (hereafter referred to as MSEB) soon, the GE.....should contact the latter regarding additional supply of electricity.

6. The Legal advice given by the Joint Secretary and Legal Adviser to the Govt. of India, obtained by CE....ZONE, directed that a new contract agreement had to be undertaken with MSEB.

7. In Oct., 1964, an unsigned draft agreement was forwarded by the office of GE.....to MSEB. This draft and further copies submitted later in Dec., 1965 all show the connected load as 250 KW. However, the proforma for the draft agreement submitted does not have any clause for the maximum demand. Protracted correspondence/personal contacts/discussions between GE's office and MSEB on the one side plus reminders from CWE's office took place till Dec., 1967 without the contract having been approved.

8. Meanwhile, it is seen from the statement produced by the office of GE (N) POONA that:—

(a) Initially till March, 1966, MSEB bills were based on a billing demand of 250 KW as provided for in the original

agreement with PESCO. In Dec., 1967, the MSEB issued a revised bill for the period Jan., 1966 to March, 1966; wherein the basis of billing was 469 KVA (75% of 625 KVA). The excess expenditure being Rs. 5,022|-, GE's office immediately requested MSEB to reduce HT bulk supply from 625 KVA to 400 KVA in December, 1967.

(b) Details of monthly bills from Apr. 66 to Jun, 67 are not available. But the excess expenditure for this period is indicated as Rs. 32,265|-.

(c) The month-wise statement given from Jul, 1967 onwards shows that the billing demand by MSEB has been based on a contractual monthly demand of 625 KVA. The procedure of MSEB being to bill for a minimum of 75% (469 KVA) of the contractual demand of 625 KVA (this procedure is confirmed by the rep of GE POONA in attendance as being in order). The excess expenditure from Jul. 67 till Apr. 72 is Rs. 1,46,659.40.

(d) The connected load was:—

(i) In Apr., 63—224 KW (Approx) (when extra load of 350 KW demanded—para 3 above refers).

(ii) In Jan., 66—569 KW (Approx) |when MSEB changed basis of billing).

(iii) In Aug., 71—1008 KW (Approx) |when contract agreement signed).

9. There is no correspondence|information produced by the office of the CWE POONA nor could any be found by the Court from the files produced to indicate as to why the basis of billing by MSEB had suddenly been changed from Jan., 66 nor was any querry raised for the change in billing. The court then tried to obtain information from MSEB by deputing a member to contact them. But, they were unable to supply any information due to the nature of the case being so old.

10. In response to GE's letter of Dec., 67 for reduction in the supply of HT, the MSEB refused to reduce the contract demand from 625 KVA to 400 KVA. Instead, they insisted on the HT agreement to be executed as per the draft.

11. All this time, the draft agreement had not been approved and was floating between MSEB, GE and CWE's office with the MSEB insisting on the contract demand being 625 KVA.

12. In March, 1968, MSEB revised the draft agreement form and forwarded the copy to GE's office for signing. In this revised agreement form, it is seen that a clause of contract demand has been added and 625 KVA indicated therein. While this draft agreement form was in the process of finalisation between the office of GE, CW and CE P&R Zone, the Test Auditors raised an objection on 29 Jan., 1969 against the excess payment of electricity to MSEB in respect of HT power supply to the tune of Rs. 25,900.50 for the period 5|67 to 5|68.

13. A further request was made by the GE's office in Dec. 69 to MSEB for reducing the maximum contractual demand to 300 KVA.

14. In Jan., 71 CWE's office intimated CEP&R Zone the necessity for early finalisation of the draft agreement as the MSEB continued to charge on the contractual demand of 625 KVA.

15. The final agreement between MSEB and CE P&R Zone for HT bulk supply in respect of AFMC was signed on 25 Aug., 71. This was necessitated by the fact that MSEB insisted on the agreement being signed first, before any further reduction in the contract demand could be considered by them. As it is from Jan. 66, 75% of the contract demand was being charged by MSEB whereas the actual consumption was much less. Any further delay in concluding the contract agreement would only result in further infructuous expenditure. Based on the request of GE POONA in Dec., 69 and progressive action taken, the MSEB reduced the contract demand to 300 KVA in May, 72.

16. Based on Test Auditors observation of Jan., 69, a draft para has been submitted by Comptroller and Auditor General of India (Defence Services) indicating the excess expenditure as given below:—

	RS.
(a) for the period 5'67 to 5'68	25,900/-
(b) for the period 7/68 to 4/72	47,427
	1,13,327/-

Again in Jan., 74, a revised version of draft para has been submitted showing the excess payment of Rs. 1.74 lakhs for the period Apr., 66 to Apr., 72.

MH POONA (CH (SC).....).

17. On going through the contract agreement signed on 25 Aug. 71 for 7 years wef Dec. 66 and an extract of HT bills by the office of GE....., it is seen that contract demand is 112 KVA, MSEB authorities were billing on the basis of 75% of the above contract demand because the recorded maximum demand was always less.

18. The highest recorded maximum demand was 81.1 KVA. The billing demand throughout has been for 84 KVA i.e. 75% of 122 KVA. The difference between the recorded maximum demand and billing demand is only 2.9 KVA, which is negligible.

19. The Test Audit in Jan. 69 raised an objection against excess payment of electricity to MSEB to the tune of Rs. 3,221.33 for the period 7/67 to 6/68. It is also seen from CE P&R Zone letter No. 55109|73|E5A of 29 Jan. 74 that the Comptroller and Auditor General of India (Def. Services) has not included this in the revised version of the Draft para.

20. In Dec. 72, the office of GE.....applied for reduction in the Maximum contractual demand of power from 1/2 KVA to 70 KVA. After protracted correspondence, this was accepted by MSEB wef Apr. 74.

MH (C-TH-C).

21. On going through the contract agreement signed on 2 May, 70 for 7 years wef 18 Mar. 66 and from an extract of HT bills produced by the office of GE (North).....it is seen that the contract maximum demand was 100 KVA. The average recorded maximum demand from Oct. 66 to Jun. 71 is approximately the same as the billing demand. Towards the latter part, it is even above 75 per cent of the contract demand of 100 KVA. The recorded maximum demand was 96 KVA in Jul. 71. From then onwards, it has shot up to 288 KVA in Nov. 72.

22. The contract maximum demand has been revised to 300 KVA by GE.....in Aug. 73 as MSEB served notice to get Govt. sanction for the increased maximum demand. Accordingly, the same has been obtained on 9 Aug. 73.

23. In Jan. 69, the Test Audit raised an objection for excess payment of electricity to MSEB to the tune of Rs. 537.95 for the period 5/67 to 6/68. It is seen from CE P&R Zone letter 55109/73/E5A of 29 Jan. 74 that the Comptroller and Auditor General of India (Def.

Services) has not included this in the revised version of the Draft para.

24. The Court deliberated over the question of calling for witnesses and dispensed with the necessity for the following reasons:—

(a) The following offices were involved in dealing with the case:—

(i) GE (CME).....

(ii) CWE (Projects).....

(iii) GE.....

(iv) CWE.....

(v) CE P&R Zone.....

(vi) CE SC.....

(b) A large number of officers handled the case at various stages over the period Aug. 62 to Aug. 71. It was learnt that some of these officers had retired, others expired and among the remaining none are available in the station.

(c) In the absence of any document|information while applying for increase in the power demand for AFMC to 350 KW in Apr. 63, there was no chance of recepitulating by anyone the reasons and necessity thereof in view of the time factor. The Court, therefore, felt it would be a futile exercise to call any witnesses as it will entail further infructuous expenditure and delay in finalising the proceedings without resulting in any gain.

FINDINGS OF THE COURT

1. Fidings of the Court are enumerated below:—

(a) *AFMC POONA*

(i) In May 58 an agreement was signed for 5 years between CE EC.....and PESCO for the supply of 250 KW power.

(ii) At that time, the minimum power that could be contracted (as per PESCO regulations) was 250 KW.

(iii) The agreement continued to apply beyond 5 years.

(iv) In Aug. 62, an extra demand for power of 195 KW was anticipated by CWE (Projects).

(v) In Apr. 63, the GE.....applied to PESCO for an extra demand of power of 350 KW.

(vi) Reasons for the extra demand of power cannot be established as none exists in the files produced by the office of the CWE.....

(vii) In Jul. 63, Govt. of MAHARASHTRA sanctioned the extra demand of 350 KW applied for by GE.....

(viii) In Nov. 63, PESCO were in the process of handing over their business to MSEB and the former intimated GE.... to obtain the extra supply from MSEB.

(ix) In Jul.. 64, CE P&R Zone obtained a ruling from the JT, Secretary and Legal Adviser to the Government of India, that a new agreement was necessary with MSEB.

(x) From Oct. 64 to Dec. 67, the agreement form was in the process of being finalised between MSEB on the one side and the office of GE.....CWE.....CE P&R Zone|CE SC on the other side.

(xi) From May 63 to Dec. 65 MSEB billed for power on the basis of 250 KW.

(xii) From Jan. 66, the basis of monthly billing is for 469 KVA. This is based on a contractual demand of 625 KVA and as per MSEB rules, 75% of 625 KVA (469 KVA) is the required minimum to be billed. The excess expenditure from Jan. 66 to Mar. 66 is Rs. 5,022|-.

(xiii) From Apr. 66 to Jun. 67, details of monthly bills are not available. But the total excess expenditure is Rs. 32,265|-.

(xiv) The excess expenditure from Jul., 67 to Apr., 72 is Rs. 1,46,659|40.

(xv) The total excess expenditure from Jan. 66 to Apr. 72 is Rs. 1,83,946.40.

(xvi) The connected loads at important stages are

(aa) In Apr. 63—224 KW (Approx).

(bb) In Jan. 66—569 KW (Approx).

(cc) In Aug. 71—1008 KW (approx).

(xvii) In dec. 67, based on the revised billing demand of 469 KVA, the office of GE.....requested MSEB for a reduction of power from 625 KVA to 400 KVA and later in Dec. 69 to a further reduction to 300 KVA. Thus action on Army HQ, E-in-C's Br. letter No. 29066|68|E-4 dated 23 Dec. 67 was taken.

(xviii) MSEB refused to consider reduction in contract demand till the contract agreement was first signed.

(xix) In Mar. 68, MSEB revised the contract agreement form and included a clause for a contract demand of power for 625 KVA.

(xx) While the new contract agreement form was being finalised, the Test Auditors in Jan. 69, raised an objection against the excess payment of electricity to MSEB for AFMC to the tune of Rs. 25,900|- for the period 5|67 to 5/68.

(xxi) In Jan. 71, CWE represented to CE P&R Zone to accept 625 KVA as a contractual demand and finalise the agreement, otherwise, excess expenditure was unnecessarily being incurred due to MSEB insisting on the agreement being signed first before considering any reduction in demand.

(xxii) The final agreement was signed by CE P&R Zone in Aug. 71.

(xxiii) The MSEB reduced the contractual demand to 300 KVA in May 72

(xxiv) The revised draft para of Comptroller and Auditor General of India (Def. Services) has given the excess payment as Rs. 1.74 la khs for the period 4/66 to 4/72.

(b) **MH.....(CH SC).....**

(i) The contract demand for 112 KVA per month was signed in Aug. 71 wef Dec. 66.

(ii) From Dec. 66 to Aug. 71 the average maximum demand was 20 KVA less than the billing demand of 84 KVA. However, the maximum recorded demand was 81.1 KVA.

(iii) The difference between this recorded maximum demand is only 2.9 KVA, which is negligible.

(iv) In Jan. 69, the Test Auditors raised an objection for excess expenditure.

(v) The excess expenditure supposed to have been incurred has not been included in the revised version of the Draft para by the Comptroller and Auditor General of India (Def Services).

(c) **MH (TH-C).....**

(i) The average recorded maximum demand remained approximately the same as the billing demand from Oct. 66 to Jan. 71.

(ii) In Jan.. 69, the Test Audit raised an objection for excess expenditure.

(iii) The recorded maximum demand was 96 KVA in Jul. 71.

(iv) In Nov. 72 the recorded maximum demand went upto 280 KVA.

(v) MSEB gave notice for revising the maximum demand.

(vi) GE Poona has increased the maximum demand to 309 KVA.

(vii) The Comptroller and Auditor General of India (Def. Services) has not included this case in the revised version of the Draft para.

(viii) No infructuous excess expenditure has been incurred.

OPINION OF THE COURT

1. The Court is of the opinion that:—

(a) **AFMC**.....

(i) the agreement with PESCO for 250 KW demand was justified as this is the maximum the Company would agree to contract.

(ii) subsequently, based on the statement of consumption, there is no justification in applying for an additional demand of 350 KW.

(iii) necessary requests were made in Dec. 67 and again in Dec. 69 for reducing the demand at first to 400 KVA and later to 300 KVA. Even if these requests had been

made earlier, it is unlikely to have had any result in reducing the billing changes. This is due to the adamant attitude of MSEB of insisting on the agreement being first signed and then considering any reduction. Thus in order to ultimately reduce the contract demand to 300 KVA, the agreement was finally signed in Aug. 71 for a contract demand of 625 KVA as insisted on by MSEB. This finally resulted in MSEB considering and reducing the contract demand to 300 KVA in May 72.

(iv) The total loss involved in the excess expenditure incurred is Rs. 1,83,946.40 (from Jan. 66 to Apr. 72).

(v) It is not possible at this stage to pin point the responsibility. This is because:—

(aa) records justifying the increase of electricity demand to 625 KVA in 1963 are not available.

(bb) The large number of officers involved from the number of offices, have either retired|expired|not in the station.

(cc) the time that has expired (since Aug. 62) is too long for any individual to recapitulate the reasons for extra demand in 1963 in the absence of any record.

(dd) instructions contained in Army HQ, E-in-C's Br. letter No. 29066/68/H4 dated 23 Dec. 1967 were complied with in that in Dec. 67 and again in Dec. 69 requests were made to MSEB to reduce the contract demand initially to 400 KVA and again to 300 KVA.

(b) **MH POONA (CH SC)** .....

(i) Demand projected for supply of power was reasonably correct as the recorded maximum demand was only less by 2.9 KVA of the billing demand.

(ii) Steps were taken to reduce the maximum contract demand on expiry of the period of agreement.

(iii) Since the Comptroller and Auditor General of India (Def. Services) has not included this in their revised version of the Draft para, the loss assumed is nil.

(c) **MS (C-TH-C).....**

Demand projected for supply of power was correct and, therefore, the question of taking steps to reduce the demand did not arise.

(d) **Remedial Measures**

(i) In order to avoid such excess expenditure in future, the following remedial measures are suggested:—

(aa) For any project the realistic estimate arrived at for power consumption must be related to the time factor, *i.e.*, future requirements in phases of predetermined dates.

(bb) Any agreement must provide for an addition|reduction in power requirement with a stipulated notice period. If necessary, the minimum|maximum of addition|reduction at any one time may be stipulated. But under no circumstances should the agreement be one sided wherein only the producer benefits while the consumer suffers.

(cc) At laid down periodical intervals the actual consumption must be taken cognisance of by appointed individuals in order to apply for any change in supply, if desired, in time.

(dd) Legal Govt. service available must be made use of when necesary to safeguard the interest of consumer. As brought out in the present case, MSEB insisted on the agreement being signed first before considering any reduction in the contractual demands. The agreement took almost seven years to be signed. Legal Govt. opinion could have been obtained during this period of time which is likely to have resulted in less excess expenditure.

Opinion of the Commander, ... Sub-Area on the proceedings of a Court of Inquiry convened for investigating the circumstances under which provisions of contract with MSEB .... for supply of Electricity to Command Hospital Southern Command, AFMC .... and MH (G-TH-C) .... could not be adhered to resulting in excess payment of Electricity Supply charges to MSEB ....

I agree with the opinion of the Court.

2. Remedial measures as outlined by the Court be implemented to avoid recurrence of such cases.

(Sd/-****)

Brigadier Commander.

Opinion of the General Officer Commanding Headquarters ....Area on the proceeding of a Court of Inquiry convened for investigating the circumstances under which provisions of contract with MSEB .... for supply of Electricity to Command Hospital Southern Command, ... AFME .... and MH (C-TH-C) .... could not be adhered to resulting in excess payment of electricity supply charges.

I agree with the opinion of the Commander .... Sub-Area.

2. Remedial measures as outlined by the Court be implemented to avoid recurrence of such cases.

3. It is not possible to fix responsibility on any individual at this stage. I, therefore, recommend that the entire known loss amounting to Rs. 1,83,946.40 be borne by the State.

(Sd/-****)

Maj. Gen.

General Officer Commanding.

Court of Inquiry—Excess Payment Electricity Board.....

Reference your signal No. 351235|G(PS-I) dated 21st September, 1974.

2. Two copies of C of I proceedings pertaining to excesss payment of electricity charges to MSEB .... are forwarded herewith.

3. This Headquarters agrees with the recommendations of GOC, ... Area.

(Sd/-****)

Brig.

Brig. IC Adm.

General Officer Commanding-in-Chief.

APPENDIX II

(*Vide* Paragraph 3.33)

Copy of Army Hearquarters, Engineer-in-Chief's Branch letter No. 29066|68|E4, dated 23rd December, 1967 to the Chief Engineers, Southern|Eastern|Central|Western Commands.

SUBJECT: *Excess Payment of Demand Charges.*

An instance has come to the notice of this HQ wherein at a certain station the MES obtained supply of electric energy from a State Electricity Board with the stipulation of anticipated Maximum Demand of 500 KVA. Later it was detected that the actual demand was only 100 KVA, based on capacity of the transformer installed. In accordance with tariff for supply of Electricity of the State Electricity Board, the MES were billed at 75 per cent of the anticipated Maximum Demand with the result that an extra expenditure of Rs. 5,400.00 per month was incurred for Demand Charges.

2. It would be seen from the above that the peak load commitment by the MES was far in excess of actual requirement and this has become the subject matter of Draft Para for Audit Report (DS 1968).

3. To avoid lapses of this nature will you please instruct all concerned to ensure that the peak load requirements are indicated to the Supply Agency in accordance with realistic requirement. Your attention has already been drawn to this *vide* para 14 Section 4 of the Minutes of the Chief Engineers/Commanders Conference, 1967.

4. Please also investigate the peak load requirements given to the Supply Agency and as actually existing at all stations so that such objections may not recur.

APPENDIX III

(*Vide* Paragraph 4.16)

Proceedings of an additional Court of Inquiry assembled at GE Office on the 19th April, 1974, by order of Station Commander, ...in order to enquire into the deficiencies in stock of furniture.

FINDINGS OF THE COURT

Having checked the furniture held on charge of Supervisor B/S Gde, I .....and having recorded the statement of witnesses, the Court finds that:—

1. The net deficiencies amount to—

   (a) Rs. 42,961.55 (Rupees forty-two thousand, nine hundred and sixty one and paise fifty-five only) in respect of items of furniture issued on loan to unauthorised persons.

   (b) Rs. 40,307.90 (Rupees forty thousand three hundred and seven and paise ninety only) in respect of items found deficient.

2. These deficiencies came to light during Handing|Taking over between Shri GS SHARMA and Shri DD SHARMA, on 6 Nov., 1971.

3. Items of furniture have been issued to unauthorised persons on loan since 1966 and the loan vouchers have never been renewed.

4. Items of furniture as reflected in Col. 5 of Appx. 'AB' cannot be recovered as the persons to whom these were issued on loan have either since been posted out or deny having ever accepted these on loan.

5. The security set-up at the Furniture Yard, MES ....., was non-functional, therefore, a large quantity of components of items of furniture was misappropriated over a period of time.

6. The above fact was brought to the notice of Shri BL Gulati the then BSO, by Shri NK Sarin, Supervisor B/S Gde II, but no action was taken by Shri BL Gulati, who was performing the duties of Security Officer.

7. SHRI GS SHARMA, the Supervisor B|S Gde I, was reportedly found drunk during office hours a number of times during his tenure of duty at MES, Mathura.

8. This was brought to the notice of the then GE IC-Major RAVARE, but no action was taken to ensure that this did not undermine the efficient functioning of this branch of the MES, Mathura.

9. These deficiencies and irregular loss issue were never reflected in any Stock-Taking Preceedings prior to the Stock-Taking Board held on 30 June 72, although stock-taking of items of furniture is carried out twice annually.

10. No action was taken to relieve Shri GS SHARMA of his duties as the storeholder after it was clearly evident time and again that he was functioning in a manner most negligent and irresponsible.

OPINION OF THE COURT

In the opinion of the Court the deficiencies in items of furniture held on charge of MES, Mathura, occurred due to :—

(a) Large quantities of items of furniture having been issued on loan to authorised persons since 1966 and failure on the part of the store-holders to renew the loan vouchers or recover this furniture.

(b) Lack of proper supervision and control by the superior officers at MES, Mathura, since 1966.

(c) Inefficiency and gross negligence on the part of Shri GS SHARMA, Supervisor B|S Gde I, from .....

(d) Failure to carry out proper supervision and control on the part of the superior officers, especially during Shri GS SHARMA'S tenure.

(e) Failure of all stock-taking board held prior to the Stock-Taking Board held on 30 June 72, to bring these irregularities/deficiencies to the notice of the higher authorities.

(f) Inadequate security arrangements at the Furniture Yard.

ADDITIONAL FINDING OF THE COURT

1. There has been no charge in the net deficiencies of furniture earlier traced by the board held on 28-6-72.

2. Loan issues made to unauthorised civilians or even authorised personnel, by the MES Staff, are not covered under MES rules and are therefore legally incorrect.

3. No discrepancy of furniture was traced/reported at the time of handing|taking over between Shri CS BHATTACHARYA and Shri G. S. SHARMA Supervisors Gde I, during July 1969.

4. All the deficiencies of furniture etc. were located at the time of handing|taking over between Shri G. S. SHARMA and Shri D. D. SHARMA Supervisors Gde I, during Nov. 1971, for which Shri G. S. SHARMA could not account for judicially.

OPINION OF THE COURT

1. The supervisor MES Staff failed in exerting proper and effective control over their subordinate and trace the deficiencies/discrepancies of furniture from time to time, during Shri G. S. SHARMA'S tenure.

2. The responsibility of the deficiency|discrepancy discovered on 6th Nov. 1971, and could not be accounted for by Shri G. S. SHARMA Supervisor Gde I, devolves on him.

FINDINGS OF THE COURT

1. Shri S. M. SIDDIQUI Supdt. B/R Gde-I did not carry out 100 per cent physical check up of all the MES furniture, hold on charge of the MES during the year 1970 and 1971, while he was detained to do so by the G.E. .....

2. He was unaware of the fact that "loan issues" were not legal transactions.

OPINION OF THE COURT

Shri S. M. Siddiqui Supdt. B/R Gde-I is responsible for incorrect stock taking of the MES furniture held on the charge of G.E. ..... during the year 1970 & 1971.

RECOMMENDATION BY THE STATION COMMANDER

I partially agree with the opinion of the Courts.

2. In my opinion the loss of furniture is due to the following reasons:—

(a) Due to the neglect on the part of the Supervisor B|S I Shri G. S. Sharma, he was careless about the stock, the

physical custody of which was his responsibility. He did not exercise proper control over his work and subordinates. Also at the time of taking over from Shri BHATTACHARJEE he did not show the deficiencies on account of furniture which was issued on loan by him.

(b) Shri B. L. GULATI the then BSO is to be blamed for neglecting the security factor and not having proper supervision and control over his subordinates.

(c) The stock taking officer Shri S. M. SIDDIQUI who carried out stock taking from 1970 to 1971 also failed to perform his duty as he did not point out the deficiencies due to heavy issue of furniture on loan.

(d) Due to the established practice in the Station to issue furniture on loan.

(e) Due to rush of Handing|Taking over work at the time of move of HQ I Corps to Field Area. At that time it was beyond of Shri G. S. SHARMA Supervisor B|S I to control handing|taking over of furniture.

3. Considering the heavy amount of loss it is recommended that partially it should be borne by the STATE and partially as under by the individuals who have been blamed:—

(a) *Furniture issued on loan.*

(i) Furniture for the amount of Rs. 3161.50 which is irrecoverable from individuals on whom department has no hold, its loss should be borne by the STATE.

(ii) Engineers should make all out effort to recover furniture worth Rs. 26931.65 issued on loan and for which loan vouchers are available. In case of any short fall in the recover of furniture, a separate court of Inquiry will be ordered to pin the responsibility and to recommend the disposal of the loss.

(b) *Loss of Furniture due to deficiencies.* 50 per cent of the total loss of Rs. 40307.90 *i.e.* Rs. 20150|- be borne by the State and the remaining amount of Rs. 20153.90 be borne by the following individuals as under:—

(i) *Shri G. S. SHARMA Supervisor B|S I—Rs.* 10077.45. The amount of Rs. 10077.45 should be borne by the individual for the reasons given in para 2(a) above. He should also be debarred from being custodian of furniture|store

for 3 years. After the expiry of this period the question of lifting this ban can be considered. His increment for 3 years with non-cumulative effect should be stopped.

(ii) *Shri S. M. SIDDIQUI Supdt. B|R Gde. I—Rs.* 4030.18. The amount of Rs. 4030.18 should be recovered from him on account of his negligence as a stock taking officer.

(iii) *Shri B. L. GULATI BSO—Rs.* 6046.27. The amount of Rs. 6046.27 be recovered from him for reasons given in para 2(b) above.

Opinion of offg. Commander LUCKNOW Sub Area to investigate into the circumstances under which the furniture held on charge of Supervisor B/S Gde. I MATHURA were found deficient on 6 Nov. 71.

OPINION OF OFFG COMMANDER LUCKNOW SUB AREA MATHURA.

I agree with the recommendation of Station Commander.

2. I recommend that:—

(a) Departmental disciplinary action should be taken against Shri G. S. SHARMA B/S Gde. I and Rs. 10,077.00 (Rupees ten thousand and seventy seven only) out of the total loss, be recovered as penal deduction from his pay and allowances. He will also be debarred for 3 years being the custodian of furniture/Stores and increment for 3 years with non-comulative effect should be stopped. The loss occurred due to negligent performance of duties on the part of the individual.

(b) Departmental disciplinary action should be taken against Shri B. L. GULATI, BSO and Rs. 6,046.00 (Rupees six thousand and forty-six only) be recovered from his pay and allowances. Being a Security Officer, he failed to command and control on his subordinates.

(c) Departmental disciplinary action should be taken against Shri S. M. SIDDIQUI Supdt. B/R Gde. I and Rs. 4,030.00 (Rupees four thousand and thirty only) out of the total, be recovered from his pay and allowances. Being a stock taking officer, he failed to perform his duties carefully.

(d) Total loss of Rs. 40307.90 (Rupees forty thousand three hundred seven and paise ninety only) less amount recovered from the above individuals, be written off and borne by the State.

RECOMMENDATION OF GENERAL OFFICER COMMANDING UTTAR PRADESH AREA ON THE COURT OF INQUIRY PROCEEDINGS HELD TO INVESTIGATE INTO THE CIRCUMSTANCES UNDER WHICH THE FURNITURE HELD ON CHARGE OF SUPERVISOR B/S Gde I MATHURA WHEN FOUND DEFICIENT ON 6 NOV., 1971.

I partially agree with the opinion and recommendation of Sub Area Commander LUCKNOW.

2. The detailed study of court of inquiry reveals that losses of furniture held on charge of GE(MES) MATHURA, have occurred due to careless and irresponsible actions on the part of the following MES/Army personnel:—

(a) Shri G. S. SHARMA Supvr. B|S-Gde. I of CE CZ JABALPUR then serving with GE (MES) MATHURA.

He was the furniture in-charge at MES MATHURA for the period from Jun., 69 to Dec., 1971. There were no discrepancies when he took charge which subsequently occurred due to irregular issue of furniture to defence civilians/private individuals, which could not be recovered later. Also he failed to carry out routine stock checking of furniture.

(b) Shri R. L. GULATI who was the BSO as well as doing the duties of Security Officer, failed to exercise adequate supervision and control on Shri G. S. SHARMA.

(c) Shri S. M. SIDDIQUI B/R Gde I who was detailed as Stock Taking Officer from 1970 to 1971, failed to point out deficiencies in stocks of furniture.

(d) Lack of supervision on part of Major S B Bavare who was the then GE MATHURA.

3. In view of the above I direct that departmental disciplinary action be taken against the following MES personnel:—

(a) Shri G. S. SHARMA, Supvr. B/S Gde I,

(b) Shri B. L. GULATI, BSO,

(c) Shri S. M. SIDDIQUI, B|R Gde I.

4. In view of the fact that provision of Army Rule 187 were not complied with while recording the Court of Inquiry. I direct that "Show cause" notice be served on IC-14349 Major S. B. Bavare, the then GE MATHURA for laxity of supervision on the works of his

subordinate. Necessary disciplinary|Administrative action be subsequently taken; if necessary.

5. I further direct that existing procedure of receipts, issues and storage of furniture with security measures at MES furniture yard Mathura be thoroughly scrutinised by a board of officers to avoid recurrence of such lapses.

6. Since the loss is due to negligence on the part of person mentioned in Para 2 above, I recommend the total loss amounting to Rs. 40397.90 be borne as under:—

(a) Rs. 4030.00 (Rupees four thousand thirty only), 10 per cent of the total loss be recovered from the pay and allowances of Shri G. S. SHARMA Supervisor B|S Gde I.

(b) Rs. 4030.00 (Rupees four thousand thirty only), 10 per cent of the total loss be made good by Shri B. L. GULATI, the then BSO of GE (MES) MATHURA.

(c) Rs. 2015.00 (Rupees two thousand fifteen only), 5 per cent of the total loss be recovered from Shri S. M. SIDDIQUI B/R Gde I.

(d) Remaining loss amounting to Rs. 30,232.90 (Rupees thirty thousand two hundred thirty two and paise ninety only) be written off and borne by the State.

OPINION OF GENERAL OFFICER COMMANDING IN CHIEF, CENTRAL COMMAND ON THE COURT OF INQUIRY PROCEEDING HELD TO INVESTIGATE INTO THE CIRCUMSTANCES UNDER WHICH ITEMS ON FURNITURE HELD ON CHARGE OF SUPERVISOR B|S GDE ..... WERE FOUND DEFICIENT ON 6 NOV., 71.

I partially agree with the recommendation of GOC U. P. Area.

2. Irregular issues of furniture on loan to unauthorised persons Defence civilians as well as private individuals, had been going on from the furniture held on charge of the GE MATHURA for some years. It is difficult to say when the practice started hut it had been going on at least since 1966. The plea of the higher supervisory staff as also other concerned with the issues and accounting of furniture that they were not aware of this irregular practice and that Shri G. S. Sharma Supvr. B/S Gde I made the Irregular issues on his own and therefore he alone is responsible for the lapse, is unconvincing.

3. Since the origin of the irregular issue of furniture cannot be fixed with any degree of certainty, blame cannot be judiciously apportioned at this stage, to all the persons concerned from the inception of the irregularity. However, Shri G. S. Sharma when he took over charge in Jun., 69, not only continued the practice, but also failed to check that the items shown as issued on loan, physically existed. Thus he further compounded the irregularity. In the absence of any proper check, a large quantity of the furniture issued to unauthorised persons cannot, now be retrieved. The stock takers during the years 1969-70 and 71 are also to blame to some extent.

4. The large scale deficiency of furniture held on charge of the GE MATHURA, occurred due to irregular issues to unauthorised persons, lack of proper supervision, control and periodic checks; as also indifferent stock taking. The move of troops from MATHURA in Oct. 71 for operations, may also have contributed in some measures to the deficiencies. Shri G. S. Sharma, Supvr. B/S Gde I is mainly to blame for the deficiency of furniture. However, the other persons concerned with the issue and accounting of furniture, as well as the GE MATHURA and the other supervisory staff, cannot altogether be absolved of blame.

5. I direct that:—

(a) the irregular issue of furniture or for that matter any other items, from the MES on loan or otherwise to unauthorised persons will be stopped. It will be ensured by the GE and other Supervisory staff, that furniture is properly accounted for and checked and strict supervision is exercised, to prevent any such irregularity in the future.

(b) all out efforts are made by the GE MATHURA to recover items of furniture costing Rs. 26931.65 (Rupees twenty six thousand nine hundred thirty one and paise sixty five only) issued on loan to individuals who are still in service. This will be progressed vigorously, and the value of those items of furniture which still remain unrecovered by 31 Aug. 75 intimated.

(c) disciplinary action be progressed against individuals as directed by the GOC U. P. Area. However, in the case of Shri B. L. GULATI then BSO, Mathura the facts that the transactions relating to the years 1969 and 1970 have already become time barred by virtue of Article 351-A CSR: that he was reverted for his unsatisfactory per-

formance of duties while posted at Mathura, furthermore that he has already retired from service on 30 Jun. 74 will be given due consideration.

(d) in addition to the individuals already mentioned by the GOC U. P. Area, administrative action will also be instituted against Shri G. S. Bhattacharyae, Supvr Gde I for making irregular issue of furniture to unauthorised persons; and

(e) while finalising disciplinary action against Shri G. S. Sharma recovery to the extent considered appropriate by the competent disciplinary authority will also be ordered, keeping in view the gravity of the offence and his involvement.

6. I recommend that the entire loss of Rs. 83,269.45 (Rupees eighty three thousand two hundred sixty nine and paise forty five only) due to deficiencies of furniture, less the amount which may be recovered from Shri G. S. SHARMA in accordance with the orders of the competent disciplinary authority, and the cost of such furniture as may be subsequently recovered from individual to whom it has been issued on loan, be written off and borne by the State.

APPENDIX IV

(*Vide* Paragraph 5.17)

Copies of correspondence exchanged between the Ministry of Defence and Central Bureau of Investigation, in regard to conducting an enquiry into the actual number of trees planted.

1. Copy of D.O. letter No. F. 9/5/Vig/74 dated 27 April, 1974 from the Dy. Secretary (Vig), Ministry of Defence to the D.I.G., C.B.I.

Enclosed please find copy of a draft Audit Para on Arboriculture at an Air Force Station, which has been approved by the Comptroller and Auditor General of India for inclusion in the Audit Report (Defence Services) for the year 1972-73. The Air Force Station referred to in the Audit Para is the one at Kalaikunda. The Audit Paragraph is self-explanatory.

It will be seen from the Para that the Station Commander, Air Force Station, had pointed out to the Air Command in September, 1972 that the Court of Enquiry had confined its findings to the mortality rate. He stressed that the fact whether such a large number of plants had actually been planted needed investigation by an independent agency like the SPE in view of the fact that the scope of departmental enquiry would be limited to evidence on record only. No investigation by the SPE was, however, sought by the E-in-C's Branch as they were of the opinion that entrusting the case further investigation to the SPE would not serve any purpose since the findings of the Board of Officers held in November, 1971 had not blamed any person in particular or attributed the loss to theft or fraud.

We, however, feel that the case can be properly explained before the Public Accounts Committee, if we have evidence to show that altogether 51,657 trees had actually been planted. We shall be grateful if you could kindly arrange to have this matter investigated by the SPE on a very urgent basis and let us know the result of the investigation well before the Audit Report comes before the Public Accounts Committee for consideration some time during August-September, 1974.

The local MES and Air Force Authorities concerned are being requested to extend necessary cooperation and facilities to the SPE for the purpose of carrying out the required investigation.

2. Copy of D.O. letter No. 1/35/74-GWIII/Cal/4485 dated 23-5-1974 from DIG, CBI, to the Dy. Secretary (Vig.), Ministry of Defence.

Kindly refer to your letter No. F. 9/5/Vig/74 dated 27th April, 1974 regarding plantation of trees at Air Force Station,.....

We have examined the matter at our end. From the perusal of your letter and the enclosures, it appears no reliable material or evidence as now likely to become available, regarding the point as to whether such a large number of trees were actually planted at all. The manner in which the number of trees, which were to be planted, was omitted from some of the sanctions, and the question as to why no reports regarding the actual planting were sent in. and also the question of proper utilisation of funds, to the extent of Rs. 1.3 lakhs, which perhaps was not kept under strict control by the authorities then concerned, are matters which can still be persued departmentally with a view to determine the personal liability and responsibility of the concerned officers. You may like to consider this and if possible take suitable administrative action if and when possible.

We may add that this is a very old matter pertaining to the years 1964 and 1967. It will be a waste of the limited resources of the CBI to take over this investigation at this belated stage more so, as explained above, the exercise is not likely to yield the desired results.

APPENDIX V

Consolidated Statement of main Conclusion/Recommendations

Sl. No.	Para No.	Ministry/ Department concerned	Conclusions/Recommendations
1	2	3	4
1.	1.27	Department of Defence Production	The Committee are concerned that on account of alleged difficulties/delay in the finalisation of the design of vital components of an ammunition required urgently for a major weapon in use, an expenditure of Rs. 8.78 lakhs* out of the total expenditure of Rs. 18.12 lakhs** incurred on its indigenous development and manufacture proved to be infructuous. The Committee note that the project for the development and manufacture of the ammunition was launched as an emergency measures after the Kutch Operation in 1965 and as time was of the essence of the programme, it could not wait for the detailed and meticulous planning that one would expect in projects of this nature. Orders for the manufacture of

*Includes expenditure on development of the ammunition (Rs. 3.44 lakhs) and financial repurcussions after recycling of the components manufactured (Rs. 5.34 lakhs).

**Value of components manufactured (Rs. 14.68 lakhs) and expenditure on development (Rs. 3.44 lakhs).

1	2	3	4
			the ammunition had, therefore, been placed on the Director General Ordnance Factories, in November 1965, after the ballistic parameters of the ammunition had been cleared by the Research & Development Organisation, in spite of the fact that the design of the vital components like cartridge cases and propellent had not been completed in all its aspects, in the expectation of a reasonable prospect of the designs being developed by the Armament Research and Development Establishment. Unfortunately, however, this expectation did not materialise and even before the correct design of the propellent could be made available to the Director General, Ordnance Factories, the requirement for the ammunition was said to have 'disappeared', necessitating the cancellation of the orders for the ammunition in November 1968 and the premature abandonment of the project.
2.	1.28	Department of Defence Production	The Committee are conscious that as this was a vital weapon for the Army, a certain amount of risk had to be taken in this case on strategic considerations. It would, however, appear from the facts stated below that there had been a certain lack of planning and forethought in the indigenous manufacture of the ammunition and that adequate watch and control over the project at Government level was lacking:

(i) Though the shelf life of 15 years of the available stocks of imported ammunition for the gun, which were of 1943|45 vintage, had expired much earlier and, therefore, could not be relied upon, the decision to manufacture the ammunition indigenously had been taken only in 1965, some five to seven years after the ammunition had outlived its usefulness. Since it was pointless having the guns without the necessary ammunition, and the indigenous supplies of an alternative weapon under production were also not coming up fast enough, the committee are unable to understand why the indigenous manufacture of the ammunition had not been thought of earlier than in 1965 or recourse had not been taken to essential imports without waiting for some sort of a crisis to develop.

(ii) Since initial difficulties in the development of an obsolete ammunition were only to be expected, Government ought to have (after having decided belatedly to undertake its indigenous manufacture) contemporaneously and continuously monitored the progress of the project and ensured that it was completed with the requisite vigour and all possible speed. Unfortunately, however, this does appear to have been done, as a result of which a vital project could not produce results when they were needed most.

(iii) Prompt and adequate action had also not been taken to curtail the manufacturing programme when it was

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			known that the design of the ammunition had run into difficulties and that the gun for which the ammunition was intended was also in the process of being phased out of service. Since the orders for the primer (cost Rs. 4.24 lakhs) had been placed only in August 1967 and the pilot batch of cartridge cases produced to the latest design were also only under proving trials at that time, action should have been taken after the August 1967 meeting of the Armament Committee either to cancel the orders or to ask the Director General, Ordnance Factories to go slow with the manufacture of the ammunition and its components. Perhaps, in that case, much infructuous expenditure, particularly on the cartridge cases and the primer, could have been largely avoided.
3.	1.29	—do—	The Committee consider that the omission to take certain elementary measures in this case has been regrettable. They would urge Government to benefit from the experience of this case and evolve a suitable machinery for keeping a close and careful watch over the progress of such vital projects. Better coordination should also be maintained between the users and the production units so that variations in demand on account of changes in requirements are communicated at the earliest. Similarly, where difficulties crop up in the development and manufacture of an item, a closer liaison

			should be maintained by the Director General, Ordnance Factories, with the indentors with a view to making sure that the users' demand has not, in the meantime, changed radically or ceased to exist and that expenditure on a developmental effort is not continued unnecessarily.
4.	1.30	—do—	The reasons for the Research and Development Organisation taking over three years to design the propellent have also not been satisfactorily explained. The delay in the present case underscores the need for gearing up the R&D effort which must be able to meet the challenges and changing needs of the Armed Forces. There is no dearth of talent in the country, and truly earnest research in indigenous design of weapons and other equipment with a view to self-reliance in this vital sphere is called for.
5.	1.31	—do—	The Committee have been informed that while the boxes (cost Rs. 6.92 lakhs) manufactured for packing the ammunition had been fully utilised, after suitable modifications, for packing grenades, it was proposed to recycle and utilise the cartridge cases, primer and the propellent with a total utilisation scrap value of Rs. 3.06 lakhs as against their original book value of Rs. 7.77 lakhs. They would like to know whether this process has since been completed and the components utilised.
6.	2.42	Ministry of Defence	The Committee are perturbed that on account of soil subsidence arising out of variations in the sub-soil condition, certain major

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			defects, such as cracking of floors and walls, tilting of columns, differential settlements, etc., had developed in a workshop building, constructed as part of a naval project at a cost of Rs. 19.04 lakhs (cost of pile foundation Rs. 1.77 lakhs and cost of superstructure Rs. 17.27 lakhs). Though it has been claimed that the variations in the condition of the sub-soil strata could not be anticipated and that 'whatever care could possibly have been taken was indeed taken at the time of construction', the Committee find that the Director General of Works, to whom a copy of the report regarding the defects noticed in the building had been sent in June 1971, had clearly observed that the defects had occurred because of the lack of certain precautions that should have been taken during execution. Besides, the findings and recommendations of a Technical Committee appointed subsequently to conduct an enquiry into the causes of the defects, also seem to suggest that the normal care and precautions which could and should have been taken had been lacking. This has led inevitably to delay in the full utilisation of a building urgently required, and also avoidable additional expenditure which in this case amounted to as much as 74 per cent of the original cost of the building.
7.	2.43	Ministry of Defence	While the Committee are not unwilling to concede that civil engineering construction in a 'deserted' coastal area could conceivably have its own built-in hazards and that it might not, perhaps,

have been practicable to determine, by soil investigation the characteristics and soil conditions of every inch of such an area, they find it difficult to accept the Ministry's contention that there was no comparable construction in the area at that time (1968) from which information in regard to the soil conditions and foundations could be gathered. The area selected for the location of the naval project can hardly be considered 'deserted' in the context of the considerable marine activity already under way there. It appears, on the evidence and from the observations of the Technical Committee, that there had been some indecision in regard to the design parameters of the building, because of what has been described as 'practical difficulties' in reconciling the divergent views of the specialists who had prepared the project report, the users and the contractors, and also the tendency on the part of the specialists and the users to change the design details. Consequently, the pile foundations had been completed before the design of the building was finalised. These alleged difficulties notwithstanding, the Committee feel that it should have been possible, *ab initio*, to have drawn upon the expertise and services of a panel of experts in the field and the precautionary steps, safeguards, etc., to be taken determined, before embarking on the execution of costly civil engineering works, which needed also to be completed expeditiously. The Committee regret that even such obviously basic pre-requisites as a soil laboratory and a soil and foundation engineer had not been provided sufficiently in advance, despite the magnitude and strategic importance of the project.

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8.	2.44	Ministry of Defence	According to the Technical Committee, one of the factors which might have contributed to the settlement and displacement of the piles was the flow of sub-soil material caused by the presence, in the vicinity, of a dredged channel and its flooding in November 1970. The Technical Committee had gone on to observe that the flow of sub-soil material could have been prevented by a diaphragm wall, which, if constructed earlier, would have added to the stability of the building. Admittedly, the need for a diaphragm wall had not been appreciated in the initial stages of the project and when this factor was considered subsequently, a view appears to have been taken that the construction of a diaphragm wall would be time-consuming and would also involve the outlay of several crores. It had, therefore, been decided to take a 'calculated risk' and to proceed first with the construction of the building and to construct the diaphragm wall later on. While it is a moot point whether the building under construction could not have been protected, as the work progressed, by confining the construction of the diaphragm wall with reference to the particular area occupied by that building alone, the Committee feel that, even in the absence of the diaphragm wall (the cost of construction of which would have been disproportionate to the cost of the building), the possibility of soil subsidence in an area which was known to be 'treacherous' could have been foreseen and guarded against by driving the piles

into the rock (which was available at depths of 20 to 35 metres, instead of allowing them to merely rest on the rock bed. It would therefore, appear that adequate thought had not been given initially to the proper designing of the foundation, which is regrettable.

9. 2.45 —do— These technical aspects apart, the Committee are distressed that there was onsiderable delay in informing the contractor (Cementation Co. Ltd.), who had constructed the foundation for the building, that the piles had failed to carry the guaranteed load and that he should undertake necessary remedial measures. Though defects in the building had started developing from November 1970 onwards, the contractor was informed of the defects only in December 1971 for the first time and it was some six months later in June 1972, that the contractor was told that remedial measures to relieve the extra stress on the piles to avoid further failure had been were being taken by the department at his risk and expense. As a result of this long delay, the contractor had put forth the plea that as the maintenance period of twelve calendar months from the date of completion of the work was over, there was no obligation on his part to carry out any remedial measures. This delay has been attributed to the uncertainty then prevailing about the cause of the defects and the extent of liability of the contractor for the defects noticed. In any case, the Committee feel that adequate steps ought to have been taken, as soon as the defects came to notice. Responsibility should, therefore, be fixed for the lapse and appropriate action taken.

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10.	2.46	Ministry of Defence	The Committee have learnt that the case was referred to arbitration, on the advice of the Law Ministry, and that the contractor had obtained an injunction in a court against the arbitration proceedings. This seems to be a familiar story which is rather irritating. Where matters stand at present in this regard should be intimated to the Committee.
11.	2.47	—do—	Though the Technical Committee have expressed the opinion that, by and large, there had been no major deficiency in site investigation or execution, the Committee would seek some further reassurance in this regard, in view especially of the fact that the contractor (Cementation Co. Ltd.) has come to their notice somewhat adversely in connection with its performance in the Naval Dockyard at another station [*vide* the Committee's 210th Report (Fifth Lok Sabha)] and in the Mormugao Port [examined in the Committee's 230th Report (Fifth Lok Sabha)].
12.	2.66	—do—	In Paragraphs 2.84 and 2.109 of their 19th Report (Fourth Lok Sabha), the Committee had commented upon instances of lapses in working out the technical requirements of works and had recommended, *inter alia*, that the relevant authorities should take steps to ensure that technical sanctions were accorded only after an examination of all aspects of a project. The present case under

examination is one more instance of defective construction of storage accommodation, which has been attributed by a Technical Board to the structural design of the building not being strong enough to take the wind-loads and also to poor workmanship by the contractor (M|s. B. Ranga Rao & Partners).

13. 2.67 —do— As regards the inadequacy of the structural design pointed out by the Technical Board, it was contended by a spokesman of the project that there was no defect in the design and that the Technical Board presumably had the future in mind while making its observations. The Committee are, however, unable to accept this contention. In view of the fact that the area was known to be cyclonic and the wind force, during a storm, could be admittedly very high, the Committee are of the view that this factor should have been taken into account while finalising the design of the building and the masonry made strong enough to withstand the anticipated wind speeds in the area. Besides, from a perusal of the proceedings of the Technical Board, the Committee find that there is no ambiguity in the Board's findings, which has clearly stated that the tensile stresses were such that the masonry could not have withstood them and that the designer had taken a risk by providing pillars in mansonry which were weak in tension. It is, therefore, evident that the design of the building was defective.

14. 2.68 —do— The Additional Secretary of the Ministry has been good enough to admit that the design and execution have both been defective and has informed the Committee that the Director General of the Naval Project had been asked to obtain the explanation of the offi-

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			cers concerned. Considerable time having elapsed since then, the Committee trust that the process would have been completed by now and would like to be apprised of the outcome and the action, if any, taken against the officers found responsible for the defective design as well as laxity in supervising the contractor's work.
15.	2.69	Ministry of Defence	The Committee note that the defects in the damaged building had been rectified, as a cost of Rs. 86,063, at the contractor's risk and expense, and that the case had been referred to arbitration at the contractor's instance. Though the arbitrator had awarded a sum of Rs. 19,833 only in favour of Government, the award has been challenged by the contractor in a court. The Committee would like to be informed of the present position of this case and if it is still pending in a court of law, they would urge Government to ensure its expeditious disposal.
16.	3.34	—do—	In paragraph 3.181 to 3.189 of their 69th Report (Fourth Lok Sabha), the Committee had dealt with a case of excess payment of electricity charges at a station as a result of unrealistic assessment of the power requirements. After this case had come to notice, instructions were issued by the Army Headquarters, in December 1967, stressing the need for correctly assessing the peak load requirements in future and for reviewing the demands already contracted for on the basis of actual requirements. However, two more

such cases of excess payment, amounting to Rs. 4.36 lakhs, have again been highlighted in the Audit paragraph under examination. That such avoidable expenditure should continue to recur is a matter of serious concern.

17. 3.35 —do—

The Committee note that in the first case relating to an Armed Forces Medical College, the contract demand had been increased by the MES authorities from 312.5 KVA to 625 KVA, keeping in view the works in progress and a proposed hospital complex even prior to the assembling of the recce-*cum*-siting board and before the necessity of the project had been accepted by Government. While the reasons for this unusual keenness are not very clear in the absence of the relevant records, the Committee have been informed that while the maximum demand for all the loads in the Armed Forces Medical College, on the basis of projected forecasts, worked out to about 310 KW, the Garrison Engineer had erroneously indicated, in the application made to the electricity company, that a further load of 350 KW would be required in addition to the existing load of about 150 KW, and sanction was given accordingly by the Government of Maharashtra. Though a Court of Inquiry assembled in November 1973 to probe into the matter had found no justification for applying for the additional demand of 350 KW, it was not possible to fix responsibility for the lapse, since the records justifying the increase of the demand were stated to be not available and many of the officers involved had either retired or expired. In the circumstances, the Committee have to remain content with expressing their dissatisfaction over the manner in which this case had been handled.

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18.	3.36	Ministry of Defence	The Committee regret that while a peculiar sense of urgency had been displayed in this case in increasing the demand, the same sense of urgency was lacking in concluding the necessary agreement to give effect to the increased contract demand, which appears to have been executed only as late as in August 1971, some eight years after applying for the increase. Since the State Electricity Board, approached in December 1967 for a reduction in the contract demand to 400 KVA,, had insisted on the execution of the agreement in respect of the contract demand of 625 KVA as a pre-condition for reducing the demand, it was certainly imperative to finalise this long-pending issue and avoid unnecessary excess expenditure. As pointed out by the Court of Inquiry, the procedural difficulties involved in signing the agreement could have been resolved earlier by obtaining legal opinion. In case difficulties still persisted, efforts ought to have been made to iron out these difference at Government level. Regrettably, these steps do not appear to have been taken to safeguard Government's financial interests.
19.	3.37	—do—	In the light of the explanation furnished by the Ministry about the second case relating to the supply of electricity for Defence laboratories and the findings of the Court of Inquiry, the Committee will confine themselves to only one aspect of the matter. The Committee find that the Court of Inquiry, assembled in March 1974, to go into the lapses in this case, fix responsibility and suggest remedial

			measures, had held the view that as there was no permanent agreement entered into with the Andhra Pradesh State Electricity Board by the Military Engineer Services, there was no need as such to review the requirements by the inspecting officers. The Committee are unable to accept this contention. In order to safeguard the financial interests of Government and in view of the uncertainty over the actual requirements of power by the laboratories, the MES authorities ought to have kept the position continuously under review, in consultation with the users, and taken timely action to reduce the contract demand when the actual/revised requirements of the laboratories became known.
20.	3.38	—do—	As regards regularisation of the losses arising from these transactions, the Committee have learnt that in respect of the first case, the State Electricity Board has been approached for refund of the excess charges and that if these efforts failed the case would be referred to arbitration. As for the second case, the Chief Engineer concerned has been asked to regularise the excess payment in view of the fact that no individual had been held to be responsible for the lapse. The Committee would like to know the latest position in this regard.
21.	3.39	—do—	Apart from the formality of regularising the losses, the Committee feel that the Ministry should also analyse the reasons for the lapses that occurred in these two cases and prescribe effective remedial measures for the future. In this connection the Committee note that the Courts of Inquiry which examined these cases have also

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			suggested certain remedial measures. The Committee would urge Government to go ahead with the task of evolving uniform guidelines in this regard rather than leaving the initiative entirely to the individual units concerned.
22.	4.17	Ministry of Defence	The Committee take a very serious view of the lapses disclosed by the Court of Inquiry in this case over the issue and accountal of furniture in a Military Engineer Services division. It is distressing that large scale deficiencies in stock of furniture (Rs. 40,655) and irregular issues of furniture, valued at Rs. 80,484, on loan to unauthorised persons (Defence and Civilian personnel as well as private individuals) had continued, almost unabated, over a period of five years. The deficiencies and irregular issues have been attributed, *inter alia*, by the Court of Inquiry, to lack of proper supervision and control by the superior officers, non-functional nature of the security arrangements at the Furniture Yard, (on account of which a large quantity of components of items of furniture was misappropriated over a period of time), inefficiency and gross negligence on the part of a Supervisor, Barrack Stores, Gade I, entrusted with the responsibility of store-keeping and also perfunctory stock verification.
23.	4.18	—do—	The Committee have been informed that on the basis of the findings of the Court of Inquiry and the opinions expressed by the

General Officer Commanding-in-Chief, Central Command, on the recommendations of the Court and the senior Army officers, the Chief Engineer, Central Command, was instructed to initiate necessary disciplinary action against the individuals concerned and to get the losses regularised. In view of the gravity of the lapses, and such examples of irresponsibility as the supervisor Barrack Store being found drunk while on duty several times, the Committee wish that action has been decided upon and exemplary punishment meted out to the officials who have been found remiss in the discharge of their responsibilities. While the Committee would like to know the action taken in this regard, they, however, note that according to the recommendations of the General Officer Commanding-in-Chief, Central Command, the entire loss, on account of deficiencies and irregular issues of furniture, less the amount which might be recovered from the supervisor Barrack Store in accordance with the orders of the competent disciplinary authority and the cost of such furniture as may be subsequently recovered from individuals to whom it had been issued on loan, is to be written off and borne by the State. The Committee are, however, of the view that the question of the State bearing any loss on this account should be examined afresh and concerted attempts made, instead, to recover the losses from the individuals found guilty of such grave dereliction of duty.

24.	4.19	—do—	The Committee note that out of the furniture, valued at Rs. 80,484, irregularly issued on loan as in December 1971, furniture worth Rs. 55,856.35 had been recovered from the loanees till January 1975

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			and that the concerned Garrison Engineer had been asked to make all-out efforts to recover the remaining items of furniture. The Committee would like to know the progress in this regard so far.
25.	4.20	Ministry of Defence	Though an instance of this nature has been detected at only one station, it could well be that the irregularities disclosed in the present case are only symptomatic of the position obtaining in other Military Engineer Services divisions. The Committee would, therefore, like the Ministry of Defence to carefully review the position in regard to the isuue and accountal of furniture at other MES divisions also with a view to ensuring that similar instances of irregularities and misconduct do not prevail.
26.	5.28	—do—	The facts brought out in the preceding paragraphs in regard to the execution, for camouflage purposes, of an arboriculture scheme at an Air Force Station give rise to serious misgivings in the mind of the Committee. Judging from the findings of the different Courts of Inquiry and the conflicting views expressed on this case by the Military Engineer Services and the Air Force authoities, and in the absence of adequate recorded evidence for the purchase of seeds and saplings, completion of various jobs, handing and taking over of the trees claimed to have been planted as well as for the alleged destruction of a large number of trees by accidental outbreaks of fire, the Committee cannot accept the plea that out of the total number of

			51,657 trees claimed to have been planted, at a cost of Rs. 1.31 lakhs, as many as 30,212 trees (58 per cent) had been destroyed by fire and another 18,345 trees (35 per cent) had failed to take root. On the basis of the evidence made available to them, the Committee are inclined to agree with the Commander of the Air Force Station who felt that the fact whether such a large number of trees had actually been planted needed investigation by an independent agency.
27.	5.29	—do—	Though the Defence Secretary also conceded during evidence that 'there are many tragedies in this case' and that he hardly had any justification to offer for the figures indicated in the Audit paragraph, he informed the Committee that some of the documents which were reported to be untraceable earlier had been traced subsequently and records had also been found to exist in respect of some of the fires. After the Committee had taken up examination of this case, the Deputy Secretary (Vigilance) in the Defence Ministry had also been appointed as an Inquiry Officer to investigate various aspects of the case. Much time has elapsed since then, and the Committee expect that these enquiries have been completed. The findings of the Inquiry Officer and the subsequent action, if any, taken in this regard should, in some detail, be intimated to the Committee.
28.	5.30	—do—	Perhaps the picture would have been different if this work had been initially entrusted not to the Military Engineer Services, but to the Forest Department which has the requisite competence and expertise. Apart from the expenditure incurred on the arboriculture scheme proving to be infructuous, the camouflage needs of the Air

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			Force Station have also not been adequately met. The Ministry, wiser after the event, have now decided to entrust the arboriculture work to the State Forest Departments. The Committee trust that the results will perhaps be happier.
29.	5.31	Ministry of Defence	Incidentally, the Court of Inquiry assembled in November 1971 is found to have observed, *inter alia*, that the projects being old, all persons concerned and the relevant information were not available. Apparently, there were a number of missing links which had not been satisfactorily explained. The Committee fail to understand why the officers concerned had not been summoned from other stations and the position clarified before the Court. The Engineering authorities, however, contended that the non-production of the relevant witnesses and documents before the Court of Inquiry had not been brought to their notice earlier. The Committee take a serious view of this lapse and would like to be informed of the correct factual position in this regard which was also to be gone into by the Inquiry Officer.
30.	5.32	—do—	The Committee consider it strange that while ordering, earlier, in March 1970, and on his own initiative, the assembly of a Court of Inquiry to check and ascertain the tree plantation casualties under the arboriculture scheme, the Commander of the Air Force Station had appointed one of the witnesses as a Member of the Court. It

			also appears that some of the MES personnel concerned had declined to tender evidence before the Court in the absence of suitable orders from the engineer channels. Thus, the Court could not complete its proceedings and by the time the necessary permission was accorded, in July 1970, by the Commander Works Engineer, the inquiry itself had been abandoned. The Committee are dissatisfied with the manner in which this issue has been handled. As pointed out elsewhere in this Report. Government must ensure that necessary inquiries, whenever considered appropriate, are held soon after the event so that prompt remedial measures can be taken. It should also be ensured that such inquiries are conducted, as far as possible, with the utmost objectivity and by persons who are entirely unbiased and unconnected with the cases under scrutiny.
31.	6.23	Ministry of Defence Department of Defence Production	The theft of 3,358 kilograms (value Rs. 1.15 lakhs) of an important and costly raw material, required for the production of a special type of strengthened steel, in the premises of the Port Trust, causes grave concern to the Committee. As has been rightly pointed out by the General Officer Commanding, Bengal Area, apart from the immediately ascertainable monetary loss arising out of this case, the invisible loss in terms of time, effort and foreign exchange and the profits accruing to the unscrupulous purchasers of the rare, imported material, would be many times more than the physical loss.
32.	6.24	—do—	The Committee observe that the Port authorities had not been informed that the imported consignment was an important raw material and that the Port Trust had stated, after the occurrence

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			of the theft, that, if this fact had been known, "strong precautionary measures could have been arranged." This, unfortunately, had not been considered necessary because it was assumed that the Port Trust was already in possession of the relevant documents and, therefore, had full knowledge of the valuable nature of the consignment. The Committee are, however, of the opinion that the mere fact that the Port authorities were in possession of the documents did not mean that they really appreciated the value and importance of the consignment from the consignee's point of view. Indeed, whenever scarce and strategic stores are imported from abroad, the Port authorities should invariably be informed precisely and suitably of the importance of adequate precautionary measures being taken to safeguard such stores by keeping them in 'lock-fast' or other security areas. The Committee stress that there should be close coordination between the consignees, the Embarkation Headquarters and the Port authorities in this regard. The Committee would also suggest that the Ministry should undertake a comprehensive review of the existing arrangements for the handling of vital and sensitive defence equipment and raw materials at the ports so as to ensure their safe delivery and the prevention of pilferages.
33.	6.25	Ministry of Defence Department of Defence Production	The theft in this particular case could, perhaps, have been prevented if adequate action had been taken by the Embarkation Headquarters, in close coordination with the Railway authorities, to

			ensure that wagons which were in sound and rail-worthy condition were made available for movement of the consignment immediately on arrival at the Port. The Committee would, therefore, urge the Ministry also to review the present arrangements for the despatch of sensitive stores and other items from the parts to the consignees and ensure that such sensitive items are not allowed to remain in the ports longer than is absolutely unavoidable.
34.	6.26	—do—	According to the findings of the Court of Inquiry, assembled in April 1973 to investigate into the loss, the subject stores had been stolen from the jetty, while they were in the custody of the Port authorities, by unidentified professional thieves, in collusion with one or more persons of the Port Trust and one or more persons of the then Port Police. The Committee have also been informed that immediately after the theft came to light, the Port Commissioners had ordered a departmental enquiry and registered a case with the Police and the C.I.D. The Committee would like to be informed of the outcome of these investigations.
35.	6.27	—do—	The Committee note that the Port Trust had agreed to make an ex-gratia payment of Rs. 50,000 to compensate the loss and would like to know whether this amount has since been paid. Now that the security arrangements have been tightened with the replacement of the Port Police by the Central Industrial Security Force, the Committee expect that such thefts would be prevented.

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36.	6.28	Ministry of Defence (Department of Defence production)	The evidence in this case also reveals a certain neglect and indifference on the part of the Defence authorities. Long before the arrival of the stores, the Embarkation Headquarters had, as an extra precaution called for by the situation obtaining at that time in and around Calcutta, requested the consignee factory, on 18 August, 1970, to arrange an escort for the stores from the docks to the factory. A copy of this letter had also been endorsed to the Director General, Ordnance Factories who, while unwilling to accept any responsibility for the security of the stores, had pointed out, on 27 August, 1970, that under the instructions in vogue, the responsibility for arranging an escort rested with the embarkation authorities at the ports and had, therefore, advised the Embarkation Headquarters to take necessary action in this regard. The consignee had also been instructed simultanceously to intimate, 'by return of post', whether the stores were required to be despatched to the factory under escort, and a copy of this letter had been endorsed to the Director of Movements, Army Headquarters. While the Director of Movements took no action on the copy of the letter received by him, since action to arrange for the escort was required to be taken by the Embarkation Headquarters, in consultation with the local Military Commander, and not by the Army Headquarters, the consignee factory had not replied either to the letter dated 18 August, 1970 from the Embarkation Headquarters or to that dated 27 August, 1970 from the Director General, Ordnance Factories, till a telegram was again issued on

			8 September, 1970. It is also not clear to the Committee why the Embarkation Headquarters, having considered it necessary to take extra precautions during transit, despite the fact that the consignment was not one of the items required, under regulations, to be despatched under escort, had not pursued this question to its logical conclusion in consultation with the local commander.
37.	6.29	—do—	It is true that, as has been contended by the Ministry, since the theft in the present, case had occurred when the stores were in the custody of the Port Commissioners, the provision of an escort would not have prevented the loss that took place prior to their despatch to the consignee. The Committee cannot, however, lose sight of the fact that adequate attention had apparently not been paid to important communications relating to a sensitive item of stores. It is regrettable that even in an area where the concerned authorities themselves considered some special security arrangements to be necessary, much time was taken up in inconclusive correspondence. The Committee would, therefore, like the Ministry to examine the reasons for the neglect, particularly on the part of the consignee factory, with a view to taking appropriate remedial measures.
38.	6.30	—do—	There has also been considerable delay in arranging for a Court of Inquiry to investigate the case. The Committee find that though intimation in regard to the theft had been sent to the Director

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General, Ordnance Factories, in November 1970 itself, the question of appointing a Court of Inquiry was taken up with the Army Headquarters by the Director General, Ordnance Factories some ten months later, in September 1971. While the reasons for this long delay have not been satisfactorily explained, the actual appointment of the Court took another fourteen months (December 1972) and the Court assembled only in April 1973, no less than thirty months after the event. The Committee have learnt in this connection that since an Army Court of Inquiry is confined to the conduct of the people immediately concerned and in view of the fact that the theft had occurred when the stores were not within the jurisdiction of the Defence authorities, the question of an inquiry by the Army authorities did not arise. The Embarkation Headquarters had, therefore, opined that no useful purpose would be served by instituting a Court of Inquiry as this was not likely to bring out any tangible evidence. The Committee consider it unfortunate that such a restricted and purely legalistic view should have initially been taken. Since the inquiry had been suggested by the Director General, Ordnance factories, with the objective of prescribing suitable remedial measures for the future, and the theft of a vital raw material had taken place in suspicious circumstances, the Committee are of the view that a comprehensive inquiry ought to have been promptly initiated.

39.	6.31	—do—	Time and again, the Committee have been stressing the need for avoiding delay in the constitution of Courts of Inquiry. The inordinate delay in the present case emphasises its urgency. Government should ensure that such inquiries are held soon after the event, so that remedial measures can be taken and recurrence of such unfortunate cases prevented to the extent possible.

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