

# **PUBLIC ACCOUNTS COMMITTEE (1968-69)**

**(FOURTH LOK SABHA)**

## **SEVENTY-FIRST REPORT**

**[Appropriation Accounts (Civil), 1966-67 and Audit Report (Civil), 1968 relating to the Ministries of Steel and Heavy Engineering (Department of Steel); Health, Family Planning, Works, Housing and Urban Development, Food, Agriculture, Community Development and Cooperation (Department of Cooperation) and Irrigation and Power]**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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			what	what
60	3.29	6	concerned	concerted
61	3.29 (v)	2	since	beyond
62	3.30	5	in Report	in this Report

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 Minutes of the 39th sitting held on 23.1.69 (FN).  
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\*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

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PUBLIC ACCOUNTS COMMITTEE  
(1968-69)

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3. Shri K. Anirudhan
4. Shri S. M. Banerjee
5. Shri C. K. Bhattacharyya
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22. Shri Tarkeshwar Pandey

SECRETARIAT

Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri K. Seshadri—*Under Secretary.*

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\*Declared elected on the 19th August, 1968, *vice* Shri M. M. Dharis resigned from the Committee.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Seventy-First Report on Appropriation Accounts (Civil), 1966-67 and Audit Report, 1968.

2. The Appropriation Accounts (Civil), 1966-67 and Audit Report (Civil), 1968 were laid on the Table of the House on the 3rd April, 1968. The Committee examined the paragraphs relating to the Ministries of Steel and Heavy Engineering (Department of Steel); Health, Family Planning, Works, Housing and Urban Development; Food, Agriculture, Community Development and Cooperation (Department of Cooperation) and Irrigation and Power at their sittings held on the 3rd July (F.N.), 5th July (F.N.) and 18th July (A.N.), 1968 and 23rd January (F.N.), 1969. The Committee considered and finalised this Report at their sitting held on the 17th April, 1969 (A.N.). The minutes of these sittings form part of the Report (Part II)\*.

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

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

5. The Committee would also like to express their thanks to the officers of the Ministries of Steel and Heavy Engineering; Health, Family Planning, Works, Housing and Urban Development; Food, Agriculture, Community Development and Cooperation and Irrigation and Power for the co-operation extended by them in giving information to the Committee during the course of evidence.

M. R. MASANI,

*Chairman,*

*Public Accounts Committee.*

NEW DELHI:

April 17, 1969.

Chaitra 27, 1891 (Saka).

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

**CHAPTER I**  
**MINISTRY OF STEEL AND HEAVY ENGINEERING**  
**(DEPARTMENT OF STEEL)**

**Unauthorised financial assistance to a Government Company**

*Audit Paragraph*

In August, 1960, the Government of India decided,

(i) to consolidate all advances to Hindustan Steel Ltd. into a single loan as from 1st April, 1962;

(ii) to charge interest at 5 per cent per annum with effect from 1st April, 1962—the earlier period being interest free; and

(iii) to treat future advances from August, 1960 upto 31st March, 1962 also as being interest free.

1.2. The total of the advances taken till 1st April, 1962, was accordingly consolidated into a single loan of Rs. 357.10 crores.

1.3. No provision for levy of penal interest in case of default in payment of over-due instalments of interest, as required under rules, was, however, made till September, 1964 when it was decided to levy a penal rate of compound interest at 7½ per cent per annum on over-due instalments.

1.4. The amount of interest of Rs. 17.86 crores due on 1st April, 1963 was not paid by the Company and Government issued sanction in September, 1963 allowing the Company to pay overdue amount of interest in two equal instalments—one by 1st November, 1963 and the other by 1st March, 1964. This relaxation resulted in undue financial assistance to the Company to the extent of about one crore of rupees.

1.5. The amounts due on 1st November, 1963, and on 1st March, 1964, as well as the interest of Rs. 17.86 crores each year payable on 1st April, 1964 and 1st April, 1965 were paid within about 3 days of their due dates. The interest of Rs. 17.86 crores due on 1st April, 1966, however, was paid only in instalments on different dates between 18th April, 1966 and 27th March, 1967. The penal interest on all these delayed payments amounted to about Rs. 60 lakhs and has not been recovered so far (January, 1968).

[Paragraph No. 58, Audit Report (Civil), 1968.]

unilaterally alter the condition in 1962 or 1963. Actually what happened was that this kind of provision had seldom been made in the case of public sector undertakings. It was only on 12-4-62 that the Ministry of Finance suggested that this kind of provision for penal interest may be made in all future loan agreements. We thought that instead of doing it immediately to which Hindustan Steel Ltd. may not agree it would be better if we ask them to incorporate it when they came up for a fresh agreement. That is why it was not immediately incorporated". In reply to a question whether all penal interest due had been paid by Hindustan Steel Ltd., the witness stated: "They had paid whatever was due by way of penal interest". In a note, the Department have clarified the position in regard to the non-inclusion of the penal interest clause as follows:

1.8. "The various loans sanctioned to Hindustan Steel Limited from 1954-55 onwards were consolidated into a single loan of Rs. 357.10 crores as from the 1st April, 1962. The Hindustan Steel Limited was informed of the consolidation of the loan and the terms and conditions thereof on 16th August, 1960. At that time no stipulation for payment of any penal rate of interest was indicated to the Company. The provisions of paragraph 24(2) of the General Financial Rules, 1957 then in force, required the sanctioning authority to consider the question of enforcing a penal rate of interest upon over-due instalments of interest or principal in so far as the law permits. According to the Ministry of Law, this right could be invoked only when a specific provision to that effect was made in the terms of the sanction of the loan. The Ministry of Finance issued instructions in their Office Memorandum No. F.7(2)-W&M/61 dated the 12th April, 1962 bringing the above position to the notice of all Ministries and advising them that the penalty clause, should, as a matter of policy, be inserted in the loan agreements with the Public Sector Undertakings. As the terms of the consolidated loan to Hindustan Steel Limited had been prescribed in August, 1960 and as the first payment of interest on the consolidated loan was due from the Hindustan Steel Limited only on 1-4-1963, the question of insertion of the penalty clause in the loan agreement was not immediately pursued with the Company. For the same reason, the provision for penalty clause could not be inserted with retrospective effect from 1962.

1.9. In March, 1963, the Company pointed out certain difficulties in the matter of payment of interest due on 1st April, 1963 on account of various initial difficulties and slower development in production than was anticipated earlier and suggested, among other things, an



1.6. The Committee pointed out that the instructions issued by Government as embodied in the General Financial Rules provided for loans being given to statutory undertakings, corporations etc. at the commercial rate. If, for good reasons, a concession was considered justified, relief was to be given to the borrower by grant of subsidy and not by waiver or remission of interest. The Committee enquired why Hindustan Steel was exempted from payment of interest initially, as it was expected to run on commercial lines and whether, even if relief was justified, Government should not have had recourse to the procedure of granting it a subsidy as provided for in the rules. The Secretary, Department of Steel stated that Hindustan Steel should, as a commercial undertaking, bear all the attendant obligations. However, he added that an exception was "deliberately made" and that an "interest holiday" was given. The steel industry was a "capital-intensive" and had "a long gestation period". Not only in India, but in other countries, it was recognised that uniform principles could not be followed in the terms of loans granted to different types of undertakings. For instance, consumer goods industry could not be given loans on the same terms as a heavy machine industry. "The French Government," he added, "during the last year or two have given loans at below the bank rate of interest to the steel industry. This is the special position of the steel industry, because of its very high capital requirement and because of the long time it takes to come into production". Elaborating the position further, the Secretary, Department of Steel stated that the pricing formula for steel had placed Hindustan Steel in a disadvantageous position. "Prices", he said, "have been kept unduly low.....Actually what happened was this. In considering the question of pricing, the Tariff Commission went by the price policy of M/s..... (a private industry). The price was fixed on the basis of replacement at historical cost, not replacement at current cost". This created difficulty because replacement at historical cost was not possible. However, the concession of "interest-free holiday" were later "offset by fixing the interest rate at 5% per annum on the consolidated loan. The Hindustan Steel Ltd. were thus not charged on the consolidated loan at a lower rate". As regards the question why, if relief was justified, it was not given in the form of a subsidy, the Secretary stated that there was "perhaps a technical lapse" in this regard.

1.7. The Committee asked why the provision regarding payment of penal interest by Hindustan Steel on over-due instalments of interest on the loans was so belatedly incorporated in the loan agreement. The Secretary replied: "The position is that having entered into an agreement with Hindustan Steel Ltd. in 1960, we could not

unilaterally alter the condition in 1962 or 1963. Actually what happened was that this kind of provision had seldom been made in the case of public sector undertakings. It was only on 12-4-62 that the Ministry of Finance suggested that this kind of provision for penal interest may be made in all future loan agreements. We thought that instead of doing it immediately to which Hindustan Steel Ltd. may not agree it would be better if we ask them to incorporate it when they came up for a fresh agreement. That is why it was not immediately incorporated". In reply to a question whether all penal interest due had been paid by Hindustan Steel Ltd., the witness stated: "They had paid whatever was due by way of penal interest". In a note, the Department have clarified the position in regard to the non-inclusion of the penal interest clause as follows:

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1.9. In March, 1963, the Company pointed out certain difficulties in the matter of payment of interest due on 1st April, 1963 on account of various initial difficulties and slower development in production than was anticipated earlier and suggested, among other things, an

extension of the period of moratorium. The suggestions of the Company were, however, not accepted by Government, but having regard to their financial difficulties, Government allowed the company, after careful consideration, to pay the interest due, in two instalments, i.e., on 1st November, 1963 and 1st March, 1964. The payment of interest due on 1st April, 1964 was, however, delayed—Rs. 16.52 crores by one day and Rs. 1.33 crores by three days. The question of including a provision for payment of penal interest was, thereupon, taken up with Hindustan Steel Limited in 1964 and the provision was made applicable to the consolidated loan in September, 1964 in agreement with the Company.”

1.10. The Committee feel that if a concession in terms of the loans given to Hindustan Steel Limited was considered justified, necessary relief should have taken the form of a subsidy rather than a waiver of interest. This is the procedure prescribed by the rules and it has the merit of bringing the matter specifically to Parliament's notice. The Committee hope that in future this course will be strictly followed when loans are given to Government undertakings or corporations on concessionary terms.

1.11. The Committee are not convinced by the reasons given by the Department of Steel for deferring till September, 1964 the inclusion of a clause regarding the charging of penal interest on overdue instalments of interest on the loans. The Ministry of Finance issued general instructions in April, 1962 for the inclusion of such a clause in all loan agreements but the Department did not incorporate this clause till September, 1964. In the meanwhile even normal interest payments due were allowed to be paid in instalments resulting in a loss of about Rs. 1 crore to the public exchequer. The Committee hope that Government will recognise that Government undertakings have to function on commercial principles and that any deviation in this regard only results in inefficiency being subsidised at public cost.

## **CHAPTER II**

### **MINISTRY OF HEALTH, FAMILY PLANNING, WORKS, HOUSING AND URBAN DEVELOPMENT**

#### **Idle Vehicles**

##### *Audit Paragraph*

2. In paragraph 2.72 of their 42nd Report (1965-66), the Public accounts Committee had expressed dissatisfaction with the efforts made by the Ministry to ensure proper up-keep and maintenance of the vehicles supplied to various States under the National Malaria Eradication Programme, and desired that suitable steps should be taken to improve the position.

According to the information supplied by the Ministry, out of a total of 2,656 vehicles supplied to the States, 1,171 vehicles were off the road on 5th January, 1968. Out of these idle vehicles, 795 and 192 vehicles required major and minor repairs respectively, while the remaining 184 vehicles were in an unserviceable condition.

In March, 1965 an indent for procurement of spare parts was placed on the D.G.S. & D., who placed purchase orders with two firms in December, 1965 and February, 1966. Upto January, 1969 the firm had supplied only 383 items, against 776 items indented.

The Ministry stated in January, 1968 that a Central Health Transport Organisation was set up in April, 1965 to ensure proper up-keep and maintenance of health vehicles, but it did not function fully upto October, 1967 as the Officer-in-Charge and the Training Officer had not joined. The question of permanent location of the organisation at Delhi or Faridabad was also stated to be still under consideration. The expenditure on the working of the organisation upto November, 1967 amounted to about Rs. 97,800.

[Paragraph No. 111, Audit Report (Civil), 1968]

2.1. The Committee were informed that out of the fleet of 2,656 vehicles with the States for the purpose of the National Malaria Eradication programme, 3 "unassembled vehicles have since been utilised" and "written off" thereafter. Out of the balance of 2,653

vehicles, 1,370 were on road, 1,008 were "off road for routine major repairs" and 275 were "unserviceable."

The Committee pointed out that pursuant to the observations made by them in the 42nd Report (1965-66), certain steps were taken by Government to improve the utilisation of these vehicles. The Committee enquired why these had failed to bring about any improvement in the situation and what remedial measures Government now proposed to take. In a note the Department of Health and Urban Development have stated:

"The Director, National Malaria Eradication Programme keeps a watch on the vehicles operating in the States under the National Malaria Eradication Programme by way of quarterly reports from the States. The State authorities are requested by the National Malaria Eradication Programme Directorate to get the unserviceable vehicles repaired expeditiously as far as practicable with the spare parts supplied to the States from time to time."

"In this connection it may be stated that the main difficulty is that the majority of the vehicles operating under the National Malaria Eradication Programme are 10-15 years old and as such the majority of them have outlived their normal span of life. Experience has shown that on account of continuous use over a long period, the vehicles become unserviceable after some time even after repairs. These vehicles also cannot be condemned till these are certified by the State Transport authorities as fit for condemnation. The vehicles have been deteriorating year by year and it has become very difficult to keep the entire fleet on the road. At present there are 1,337 vehicles in roadworthy condition in the States and this has been possible only due to extensive care, maintenance and timely repairs at considerable cost to the Government. The Director and other officers from the National Malaria Eradication Programme Directorate when visiting the States had been pointing out to the State health authorities, to get the vehicles repaired and properly maintained. They had also been requesting the States to establish State Health Transport Organisations. As a result of these efforts, State Health Transport Organisations have so far been established in 14 States. A circular letter for utilisation of spare-parts for making the vehicles road-worthy was issued in August, 1966. In the State Malariologists' meetings held in Delhi in July, 1967, and January, 1968, the importance of proper maintenance of vehicles and of utilising the spare-parts to make repairable vehicles road-worthy was stressed upon the State Malariologists. The State Malariologists have also been advised that the ceiling of expenditure on the maintenance of each vehicle should be raised."

2.2. The Committee drew attention to the fact that a Central Health Transport Organisation was set up in April, 1965 to ensure proper upkeep and maintenance of the vehicles, but till October, 1967, when the officer-in-charge joined, it did not function fully. They enquired what precisely were the items of work done till October, 1967. The Department have stated: "Between March, 1966, upto October, 1967, 287 vehicles were serviced/repared by the Central Health Transport Organisation. From November, 1967, to August, 1968, the Central Health Transport Organisation serviced/repared 412 vehicles."

The Committee pointed out that the State Governments had also set up State Health Transport Units. They enquired whether these units did not have the same objectives as the Central Health Transport Organisation, resulting in an overlap of functions. In a note the Department have explained the position in this regard as follows:

"The objectives of the Central Health Transport Organisation under the Fourth Five Year Plan are:—

- (a) To render assistance and guidance in regard to the planning and development of the State Health Transport Organisations and to provide coordination between the various State Health Transport Organisations as may be necessary.
- (b) To establish a storage department for spare-parts received from various international agencies for vehicles and equipment engaged in all health and family planning programmes.
- (c) To organise suitable courses for training for the various categories for personnel employed in the State Health Transport Organisations in the repair and maintenance of vehicles and equipment.
- (d) As a first step to develop suitable schedules of maintenance for equipment used in Health and Family Planning programmes; at a later stage and to develop and standardise methods of repair of equipment and training the personnel employed in State Organisations, and
- (e) Preventive maintenance and repair of vehicles operating in Delhi under the various health and family planning programmes.

The State health transport organisations will be responsible:

- (i) for preventive maintenance and repair of the vehicles operating in their respective areas under the various health and family planning programmes with a view to obtaining maximum vehicles utilisation at minimum cost;
- (ii) to arrange for adequate storage of all necessary spare parts;
- (iii) to conduct training programmes for drivers and other junior level personnel engaged in the health and family planning fleet; and
- (iv) in the first instance to take up the preventive maintenance and repairs of all family planning equipment and to develop the organisation to undertake the repair and maintenance of entire health and family planning equipment in due course."

2.3. The Committee enquired whether the indent for spares raised on the Director General, Supplies and Disposals had been covered and the requirements of spares for the vehicles fully met. The Department have stated: "One indent *vide* Director General of Health Services Indent No. 8-18/64-PHI. dated the 31st March, 1965, was placed on the Director General, Supplies and Disposals for the procurement of 521 items of spare parts at a cost of Rs. 9.4 lakhs. All the items against this indent have since been received with the exception of 58 items of the spare parts which are to be imported. The indent was placed for requirements of only those parts which were not readily available with the States upto 1964. The States have been procuring some spare parts directly and the Officers from the National Malaria Eradication Programme Directorate have advised them to utilise the assemblies by cannibalisation of vehicles which are surplus or need major repairs so that the vehicles could be kept road worthy as far as practicable".

2.4. The Committee asked whether due to a large number of vehicles being off the road, the implementation of the National Malaria Eradication Scheme did not suffer. The Department have replied: "It is not possible to indicate precisely the extent to which the implementation of the malaria eradication programme suffered due to vehicles lying off the road. Because of the shortage of vehicles in operation, supervision has sometimes suffered and supplies could not be made in time".

2.5. The Committee are not very happy about the position in regard to the utilisation of vehicles placed at the disposal of the States for the implementation of the National Malaria Eradication Programme. The information furnished by Government shows that nearly 50 per cent of the fleet of 2,653 vehicles is off the road. The Committee had occasion to comment on the unsatisfactory maintenance and upkeep of these vehicles in para 2.72 of their 42nd Report (Third Lok Sabha). It is a matter for regret that, despite the creation of an organisation to improve the situation, the position has actually deteriorated.

2.6. The Committee note that in the opinion of the Department of Health and Urban Development, a number of these vehicles have become unserviceable due to age. The Committee would like to know whether any detailed examination of the position in this respect has been conducted by the Central Health Transport Organisation. Before these vehicles are condemned or scrapped, it is essential that a detailed survey should be made, so that only vehicles which are established to be beyond economic repairs are condemned or sold.

2.7. The Committee observe that the Central Health Transport Organisation set up in the Ministry of Health and Urban Development is meant to function largely as a service agency to similar organisations already set up in the various States. Most of the duties entrusted to this Organisation are of a nature that the State Organisations could themselves discharge, with suitable assistance from the Transport Organisations that exist in the States. The Committee would like Government to examine whether a full-fledged organisation of this nature at the Central level is at all necessary.

#### **Scheme for Slum Clearance/Improvement in Delhi**

##### *Audit Paragraph*

2.8. The work relating to the execution of the Slum Clearance/Improvement Scheme in Delhi was entrusted to the Municipal Corporation of Delhi in March, 1959. Prior to this, the Scheme, which was known as 'Slum and Re-housing Scheme in Delhi', was being implemented by the erstwhile Delhi Improvement Trust/Delhi Development Authority.

(i) Under the old Scheme, Government had sanctioned loans amounting to Rs. 219.47 lakhs to the Trust/Authority for construction of 4,927 houses and 105 shops. The Trust-Authority constructed 3,225 houses and 59 shops upto March, 1959 and transferred



them to the Corporation from 1st January, 1960. Loans aggregating Rs. 206.87 lakhs were outstanding against the Delhi Development Authority at the time of transfer of the Scheme. Out of these, the Corporation repaid some amounts till 1964-65; and thereafter, it stopped making repayments of the loans on the ground that its claim for reimbursement of a sum of Rs. 76.76 lakhs on account of the deficits incurred by it during 1960-61 to 1964-65 in respect of the Slum and Re-housing projects should be settled first. Although nearly 3 years have since elapsed, the matter has not been settled so far (January, 1968).

(ii) During March, 1959 to March, 1966, Government gave financial assistance to the Corporation in the form of (a) grants, equal to 62½ per cent of the estimated cost, or equal to the ceiling cost prescribed for various types of dwelling units, whichever was less; and (b) loans equal to the difference between the estimated sanctioned cost of the projects and the grant amount admissible. From 1st April, 1966 the pattern of assistance was changed to provide subsidy and loans in the ratio of 50:50.

Amounts aggregating Rs. 564.73 lakhs (Rs. 400.95 lakhs as loans and Rs. 163.78 lakhs as grants) were released by Government during 1959-60 to 1966-67. No audited statements of accounts in respect of the expenditure incurred out of these amounts have been submitted by the Corporation to Government so far (January, 1968). The Corporation has also not been furnishing monthly progress reports from October, 1965 onwards.

(iii) As per scheduled programme, in addition to the 3,225 tenements and 59 shops taken over from the Delhi Development Authority, the Corporation was to construct 7,139 tenements upto June, 1967. Against this, the Corporation, however, constructed only 2,488 tenements upto September, 1967. Out of these, 2,213 tenements had been allotted to slum dwellers, while the remaining 275 tenements were either being used for other purpose or were lying vacant.

(iv) In December, 1963 a grant of Rs. 17.52 lakhs was paid to the Corporation to enable it to meet the deficits in respect of the projects taken over by it from the Delhi Development Authority from January, 1960. The payment was made on an 'on account' basis and was subject to verification of the detailed accounts of the projects and determination of the basis of financing the schemes later. Out of Rs. 17.52 lakhs, a sum of Rs. 12.05 lakhs was paid to the Authority in March, 1964. Although more than 3½ years

have since elapsed, no action has been taken to verify the detailed accounts, etc. so far (January, 1968).

The Ministry have stated that the Corporation has been asked to send a statement of assets and liabilities which have been taken over by it from the Authority and that on its receipt the 'on account' payment will be regularised (January, 1968).

[Paragraph No. 112—Audit Report (Civil). 1963.]

2.9. According to the information furnished to the Committee, the Slum Clearance and Improvement Scheme envisages the improvement, redevelopment and reconstruction of the area declared as slum areas and construction/development of tenements/plots for rehousing the slum evictees, and was framed by the Government. In order to implement the scheme expeditiously, Slum Areas (Clearance and Improvement) Act was also passed by Parliament in 1956 and to make the Act more effective certain amendments were also made in 1964. The Act sought to place the burden of improvement and clearance of the slum areas principally on landlords and empowers the Government to acquire and develop that area, in case the owner fails to do so within a specified period."

Financial assistance by the Government of India towards the Scheme is intended to cover—

- (i) the cost of acquisition of slum areas and their redevelopment on approved lines for re-housing of slum-dwellers;
- (ii) the cost of acquisition and development of alternative sites, if the existing sites are either not adequate for rehousing all the slum-families involved or are proposed to be utilised for other purposes; and
- (iii) the cost of providing essential services and/or construction of pucca structures for slum-dwellers, as the case may be.

For the purpose of regulating the cost, certain ceilings have been prescribed by Government. Assistance by the Government of India is regulated with reference to these costs or the actual cost, whichever is lower, 37½ per cent of the cost being given as subsidy and 50 per cent as loan.

2.10. The Committee enquired about the targets fixed for the scheme and the extent to which they were realised. In a note the Department have stated: "During the Third Five Year Plan

period the Municipal Corporation of Delhi undertook the construction of 6,756 dwelling units, but could complete 2,372 units only against the Plan target of 4,300 units. As for the annual plans for 1966-67 and 1967-68, the Corporation had completed 116 units against the target of 2,400 units. The work on the remaining 4,268 dwelling units is however in progress, of which 1,144 tenements are likely to be completed by the end of 1968-69."

The reasons for the shortfall in achievement have been listed as below:

- "(a) Delay in obtaining vacant possession of the site of construction.
- (b) Delay and short supply of building material particularly in the Third Plan period; and
- (c) Non-availability of suitable contractor because of the delay on the part of the Municipal Corporation of Delhi in the matter of payment of their claims/bills for the work done.

Certain remedial measures suggested by the Officer on Special Duty (Accounts) Delhi Administration, in his report relating to Slum Clearance and Jhuggies and Jhompries Removal Scheme for the improvement of the Slum Department of the Municipal Corporation of Delhi are under the consideration of the Delhi Administration."

2.11. During evidence, the representative of the Municipal Corporation, Delhi explaining the position stated "financial stringency" was the major cause of shortfall. He added "The finances of the Corporation are not in a very good state.... I cannot pay the contractor.....because I have to pay the salaries and the income is not catching up with the budget estimates. What happens is that whatever funds are available are utilised for salaries and so on and the contractor is kept hanging on for three months with the result that he not only tenders higher rates but delays the work....." The Secretary, Department of Health informed the Committee that a Commission of Inquiry was at the moment engaged in an examination of the Corporation's finances.

2.12. The Committee asked for particulars of financial assistance provided by Government to the Municipal bodies for the Scheme. They have been informed "The amount of financial assistance provided upto 30th October, 1968 by the Government under the

**Slum Clearance and Improvement Scheme in Delhi to the Municipal bodies is:**

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Loan	4,21,65,203	(Inclusive of Rs. 2.00 lakhs each as loan and subsidy paid to the New Delhi Municipal Committee in March, 1968)."
Subsidy	1,82,81,128	
<b>Total:</b>	<b>6,04,46,328</b>	

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2.13. The Committee enquired to what extent funds provided to the Municipal Corporation, Delhi were lying unutilised with them. The position in this regard has been explained in a note as follows:

"Out of Rs. 6,00,46,328 released to the Municipal Corporation of Delhi under the Scheme, Rs. 17,55,000 were meant as re-imbursement of establishment charges, Rs. 17,52,000 were paid towards the deficit of capital assets and their liability on the eve of transfer of the slum clearance scheme from the Delhi Development Authority to the Municipal Corporation of Delhi, Rs. 15,00,000 were advanced for creating a buffer stock of building material for use on the various slum clearance projects and Rs. 5,50,39,328 had been released towards cost of land as well as works expenditure. The Corporation is reported to have spent Rs. 5,29,92,667 and Rs. 5,40,47,057 as cost of land as well as works expenditure ending 31-3-1968 and 31-8-1968 respectively out of Rs. 5,50,39,328 released for the purpose. In other words a sum of Rs. 20,46,661 and Rs. 90,92,271 had remained unutilised with the Municipal Corporation of Delhi as on 31-3-68 and 31-8-68 respectively.

Slum Clearance Scheme is a continuing scheme and the unspent funds are mainly meant for works. While the quantum of funds for release on works is based on the anticipated progress of the work, the payments out of the released funds made by the Municipal Corporation are based on the actual progress achieved on the works. So in the case of this scheme where work on more than 16 projects is in progress the amount of unutilised funds as brought in the foregoing para does not appear to be much. Besides the expenditure incurred by the Municipal Corporation of Delhi during the months of September and October, 1968 will also go to reduce the unspent

amount of Rs. 9,92,271 as no further funds have been released to the Municipal Corporation of Delhi under the Scheme (till 12-11-1968)."

2.14. The Committee pointed out that when the Scheme was transferred from the Delhi Development Authority to the Municipal Corporation, an outstanding liability of Rs. 206.87 lakhs was taken over by the latter on account of outstanding loans. The Committee enquired how much of this liability had been discharged and how much was in arrears. The Committee have been informed that "against the outstanding liability of Rs. 2,06,87,427.48 as on (1-4-60) the Corporation had paid a sum of Rs. 49,03,549.96 plus interest accrued on the outstanding loans upto 31-3-65; thereby reducing the amount of outstanding liability to Rs. 1,57,83,877.50. Since April, 1965, the Corporation has not paid anything against this liability and the arrears on account of the over-due annual instalments as on 31-3-68 works out to Rs. 50,08,408.56 (Rs. 29,48,766.61 as principal and Rs. 20,59,641.95 as interest.)"

2.15. During evidence, the Municipal Commissioner stated that "the main reason" for non-repayments of the loan was "the financial situation of the Corporation. It has been living from hand to mouth for several years." Apart from this, difficulties arose due to non-settlement by Government of the claims of the Corporation amounting to Rs. 76.76 lakhs for the deficits incurred on the Scheme during the period 1960-61 to 1964-65. These deficits were being met by Government when the Scheme was being administered by Delhi Development Authority. The matter was under discussion with Government. In a note subsequently submitted, the Department of Health and Urban Development have stated: "The claims of Rs. 76.76 lakhs of the Municipal Corporation of Delhi is still under the consideration of the Ministry in consultation with Delhi Development Authority, Delhi Municipal Corporation and the Delhi Administration."

2.16. The Committee drew attention to the fact that audited statements of accounts for expenditure incurred out of Government grants had not been submitted for over seven years. The Municipal Commissioner explained that the system of accounts in the Corporation "is not what it should have been." There was a lack of trained men to maintain accounts and "our own people ... did not know much about accounts." The deficiency was being set right and in "a few months" it was expected that accounts would be ready in the form Audit wanted them. In a note, the progress made in this regard has been explained as follows:

**"The Municipal Corporation of Delhi in its letter of 10-9-68 has stated that a regular party has been posted for conducting project-wise audit of the slum clearance accounts. Another party of the accountants is engaged in collecting the details of the expenditure incurred project-wise. Such details have been completed for all the years except for 1965-66. This is likely to be completed shortly and submitted for scheme-wise auditing. The scheme-wise audited accounts are likely to be completed in about 3/4 months."**

2.17. The Committee have been given a copy of the report of the Officer on Special Duty who investigated the working of this Scheme as well as the Scheme for removal of jhuggies and jhompries. From the report, the following position emerges:

- (i) No instructions were issued about the form or manner of maintenance of accounts for the Scheme by the Slum and Housing Department of the Corporation.
- (ii) Till 1966, when a Finance and Accounts Officer was appointed, "no regular financial advice" was offered to the Executive Branch of the Project.
- (iii) The Slum and Housing Department had five divisions for execution of work on the scheme which was "double the strength which it should have" ... on "the basis of works handled during 1966-67."
- (iv) Acquisition of land for this and the scheme for removal of jhuggies and jhompries, which the Corporation was at one stage executing, "was not properly planned" and land "far in excess of actual needs" was acquired. "No proper records" were kept and there were "discrepancies in the figures of land acquired and paid for."
- (v) "Firm commitments" regarding the provision of civic amenities to the quarters were not obtained from the undertakings concerned "at the time of planning the projects." "A number of tenements" completed without these amenities could not therefore be allotted. "The whole thing is a sad commentary on the planning section of the Slum and Housing Department."
- (vi) "The rising prices coupled with the hesitation of contractors to take up the work" put the "entire budgeting (for the Scheme) out of gear."

- (vii) The collection staff of the Corporation have "not been able to effect recoveries of rents (in respect of completed tenements) due to incomplete demand registers." "Considerable amounts (Rs. 5.58 lakhs upto 1st September, 1967) have been voluntarily deposited by the allottees of certain properties" and these have "not been properly accounted for in the books of the Municipal Corporation." The arrears of recovery of rent "are mounting." The figure of arrears increased from Rs. 31.33 lakhs as on 1st April, 1966 to Rs. 35.54 lakhs as on 1st April, 1967.

2.18. The Officer on Special Duty *inter alia* made the following suggestions for improving the situation:

- (i) Planning of the Project should be done by the Delhi Administration and not the Municipality.
- (ii) Amounts meant for the schemes should be banked separately by the Corporation and kept separate from their general revenues.
- (iii) Cost of land acquired for the Scheme should be paid directly without routing it through the Corporation.
- (iv) The staff employed should be "reduced to roughly 50 per cent of the present strength" and accounts and recovery work entrusted to trained men.
- (v) The Executive Engineers in charge of works "should be made personally responsible to ensure that there is no delay in taking the measurements, scrutinising the bills and making payment."

2.19. The Committee cannot resist the impression that the execution of the Slum Clearance/Improvement Scheme in Delhi is far from satisfactory. A sum of over Rs. 6 crores had been given by Government till the end of October, 1968, to different local bodies in charge of the Scheme at different stages. Against 6,756 dwelling units required to be completed during the seven years ending 1967-68, the number actually completed was only 2,488. Assistance for meeting the cost of the work was to be regulated with reference to specific ceilings of cost for each dwelling unit. However, after completion of about one-third of the work, not more than a sum of Rs. 9.92 lakhs was reported as available on 31st August, 1968 with the Municipal Corporation out of the total assistance of over Rs. 6 crores extended to the Scheme. The accounts of expenditure incurred by the Corporation on the

Scheme over a period of seven years are still to be properly prepared and audited. It is clear that the Scheme was not properly planned and the cost of the work was not controlled at any stage. It would also appear that assistance given by Government for the Scheme was diverted to other purposes.

2.20. An examination of the working of the Scheme by an officer appointed by the Lt. Governor, Delhi, disclosed that the Scheme was not properly planned, land was acquired "far in excess of requirements" and proper records of acquisition were not kept. No instructions were issued about the manner in which accounts were to be kept and "no regular financial advice" was available to the agencies entrusted with the execution of the works. The staff employed on the execution of works was "double" of what it should have been and "a number of tenements" which were completed could not be occupied due to the absence of civic amenities.

2.21. The Committee would like Government, in the light of these findings, to have a comprehensive investigation made of the working of the Scheme to ascertain how far funds made available for the Scheme were used for the purposes intended and where and to what extent there was laxity in supervision over the proper working of the Scheme. There is obvious need to rationalise the strength of staff and to effect economy. Based on the results of such an investigation, Government should come to a considered decision about the future set up for the Scheme, which would ensure that it is soundly and properly administered. Government should in this context give consideration to some of the useful suggestions made by the Officer on Special Duty.

2.22. The Committee note that a sum of Rs. 50 lakhs on account of loans given by Government for the Scheme is overdue as on 31st March, 1968 for recovery from the Municipal Corporation. The Committee observe that the repayment of this amount is tied up with the claim for Rs. 76.76 lakhs that the Corporation have preferred against Government towards reimbursement of deficits incurred on the Scheme and that the settlement of these issues will be made in the light of the audited accounts to be produced by the Corporation. The Committee would like to be apprised of the progress made in regard to these matters.

#### **Scheme for removal of Jhuggies and Jhompries in Delhi**

##### ***Audit Paragraph***

2.23. In paragraph 101 of the Audit Report (Civil), 1955, mention was made of release of 'on account' grants to the Delhi Municipal \*



Corporation without insisting on audited statements of expenditure, and of certain irregularities noticed in connection with the Scheme of removal of Jhuggies and Jhompries in Delhi.

(i) Against the total estimated cost of Rs. 10 crores, funds aggregating Rs. 7.03 crores were released by Government to the Corporation upto March, 1967 towards the cost of land and works. Out of this amount, an expenditure of Rs. 6.81 crores was stated to have been incurred upto 31st March, 1967 on the various works covered under the Scheme. However, statements of actual expenditure incurred out of these funds, duly certified by its Chief Auditor, have not been furnished by the Corporation to Government so far (January, 1968).

(ii) The table below shows that the progress of the Scheme vis-a-vis targets fixed has been slow:—

Name of the work	Units to be developed and allotted during II Plan	Units developed upto September, 1967	Units allotted upto September, 1967
Camping sites of 25 sq. yards each.	25,000	22,371	(Includes 9,944 units, where services like sewerage, filtered water supply, roads, etc. were yet to be provided). 18,319
Plot, of 80 sq. yards each.	20,000	3,746	(Includes 1,277 units where sewerage work had not been completed). 3,460
Small two-roomed double storied tenement.	5,000*		Still under construction.
<b>TOTAL :</b>	<b>50,000</b>	<b>26,117</b>	<b>21,799</b>

Against the target of removing all the 50,000 families squatting on Government land in 1960, only 21,799 families were removed and allotted camping sites, plots, etc. upto September, 1967. In the meanwhile, fresh squatting on Government land has also been taking place, but no survey for ascertaining the actual number of fresh squatters has been conducted after 1960.

(iii) Under the scheme, the Corporation is required to collect rents ranging between Rs. 3.50 p.m. and Rs. 32.00 p.m. from the allottees, and irrespective of the actual recoveries, it has to credit 70 per cent of the rents to Government, retaining the balance of 30 per cent towards maintenance, ground rent, bad debts, etc. The

\* The project was to be completed by 31st March, 1965.

Corporation has also to deposit, in full, the lease money recoverable in respect of 80 sq. yards developed plots allotted on lease-hold basis. For the period upto 31st March, 1965, a sum of Rs. 16.77 lakhs was adjusted by Government in May, 1966 out of the funds payable to the Corporation. No such payment/adjustment has, however, been made for the subsequent periods, notwithstanding the fact that the Corporation had realised a sum of Rs. 9.48 lakhs towards rent and lease money during the years 1965-66 and 1966-67.

[Paragraph No. 113- Audit Report (Civil), 1968.]

2.24. The Committee were informed in the course of evidence that the scheme for removal of jhuggies and jhompries was transferred from the Municipal Corporation to the Delhi Development Authority with effect from 1st March, 1965. This was done pursuant to a suggestion made by a Committee with the Works and Housing Minister as Chairman. The reason for the transfer was the view taken by the Committee that "the scheme would be better executed if it was managed by the Delhi Development Authority."

2.25. The Committee referred to the data given in the Audit paragraph about the progress of the scheme and enquired why the performance fell short of the targets. The Municipal Commissioner explained that this was due to "financial stringency" in the Corporation. "Whatever funds are available (with the Corporation) are utilised for salaries and so on." The Corporation "was living hand to mouth for years." Asked why even completed tenements were not let out in some cases, the representative of the Delhi Development Authority stated when they took over the scheme from Municipal Corporation, they found, "no arrangement for water and electricity" in those tenements which had been completed. He added: "We have now made arrangements that 1,500 tenements will be ready for occupation in about three months' time and about 400 tenements will be ready in about a month's time. Because the contractors had some difficulty, these arrangements were not there..... When the scheme was with the Corporation the Delhi Electric Supply Undertaking was asking for a deposit of a certain amount which the Corporation could not make..... Now we have taken steps to see that all the tenements which have been constructed are given the amenities and hose under construction are speedily constructed and water and electricity are provided to the tenements on a top priority basis."

2.26. The grant of financial assistance to the scheme was regulated with reference to certain ceiling costs fixed by Government for tenements, developed plots and camping sites to be put up under the scheme. According to the report of the Officer on Special Duty

who investigated the working of the scheme, funds amounting to Rs. 7.16 crores were released to the Municipal Corporation, Delhi towards the cost of land and works. Since the Corporation did not submit audited accounts of individual projects the release of further funds was stopped with effect from 1st April, 1967. The Committee were informed that the accounts could not be submitted due to lack of staff trained in accounts and that the deficiency in this respect was being made up.

2.27. The Committee drew attention to the observations of the Officer on Special Duty that land had been acquired for the Scheme "far in excess of actual needs." The finding of that Officer was that out of 2,744 acres acquired for this as well as the Slum Clearance and Improvement Scheme, only 1,206 acres were planned to be used for these projects and the balance was proposed to be used for other schemes like Master Plan, General Housing, Commercial Centres etc. The representative of the Delhi Development Authority stated: "The position is this. The Corporation was dealing with both Slum Clearance as well as jhuggi jhompri clearance. When funds were given they purchased land together because in certain areas tenements had to be built and in certain other areas jhuggi jhompri resettlement had to be made. Unfortunately whenever the Corporation purchased the land they purchased it for both purposes." Explaining the position further, the witness stated that when the jhuggi jhompri removal scheme was formulated, a survey was made in 1960. It was then estimated that there were about 50,000 squatters on Government land, but this was "not a very scientific survey." "On the basis of the ration cards and the electoral rolls we made an estimate and in May, 1968 there were about 1 lakh squatters, of whom 34,000 had been covered by an earlier census of July, 1960 and 66,000 persons had come during the period July, 1960 to May, 1967." The increase in the number of squatters had led to an increased requirement of land. Explaining how the problem was proposed to be tackled, the witness stated: "The jhuggi-jhompri walas have now been classed into two categories—jhuggi jhompri walas who were squatting on Government land prior to July, 1960 ('the eligibles') and those who have squatted from July, 1960 to end of 1968 ('the uneligibles'). The first category will get regular amenities of water supply, sewage and so on, but the other will not get all those facilities."

2.28. The representative of Delhi Development Authority further explained that the acquisition of land had also to be viewed in the context of the need to provide housing facilities to low income groups. "In the past, there was no such scheme with the result that the people belonging to low-income group could not get any

housing facility and that, by force had to squat....Now, according to the Master Plan, all the land required upto 1981 for jhuggi jhompri scheme, slum clearance schemes, housing schemes, roads and institutional and commercial purposes have been acquired..... The different schemes have been placed at the disposal of various authorities for use of land upto 1981. In that sense, there has not been any surplus purchase of land." In reply to a question whether extension of funds for providing housing to low-income groups etc. was part of the original scheme, the witness admitted: "No, it was not part of the original scheme."

2.29. The Committee enquired whether lands cleared of squatters once had again to be so cleared. The representative of Delhi Development Authority replied: "It has been happening in the past about two or three years and there have been difficulties because people came and squatted again on the areas where the clearance had taken place. This was because certain areas were acquired and handed over to the Corporation and they could not put the land to use....Unfortunately in Delhi, there are a large number of land ownership agencies, such as the Corporation, the Delhi Development Authority and Ministry of Defence. So, there was no coordination at that stage and that was the reason why we went to Government with the request that the scheme should be transferred to the Delhi Development Authority so that one integrated view could be taken by one authority. Since June, 1967, we have been clearing only those areas which can be immediately put to use. In all the clearance that we have done after June, 1967, we have seen to it that immediately after the clearance the area is handed over for development purposes. I am glad to inform you that in all areas which we have cleared since then, there has not been a time-lag even of fifteen days in executing the works."

2.30. The Committee enquired whether the Corporation had remitted to Government the portion of Government's share of the rent of Rs. 9.48 lakhs toward's rent and lease money realised by the Corporation during the period 1965-66 and 1966-67. The Secretary, Ministry of Health stated that "these matters will be settled" as soon as the audited accounts of expenditure were rendered.

2.31. The Committee cannot resist the impression that the scheme for the removal of "jhuggies" and "jhompries" in Delhi was very tardily planned and executed. About 30,000 families of squatters were to be resettled under the scheme but, till September, 1967, only less than half of that number (21,799) could be resettled. In some cases, after the squatters had been removed from the sites,

fresh squatting again took place, due to the cleared sites not having been promptly taken up for development, necessitating fresh clearance operations. Accounts of expenditure incurred on the Scheme have not been made available to Audit over a period of seven years and land was acquired for the scheme far in excess of requirements, without any detailed programme for its utilisation. An examination of the Scheme by an Officer on Special Duty disclosed that there was no procedure for the maintenance of accounts or control of expenditure over the Scheme. The situation that developed ultimately led to the further release of funds for the scheme being stopped with effect from 1st April, 1967.

2.32. The Committee would like Government to have a comprehensive examination of the working of the Scheme undertaken so that the various omissions that occurred could be identified and steps taken to avoid their recurrence through planning and close supervision. The following points in particular need consideration:

- (i) This Scheme as well as the Scheme for Slum Clearance and Improvement referred to earlier in this Report are closely inter-related. These were being executed by the same agency till 1st March, 1968, when Government decided that the scheme for removal of jhuggies and jhompries should be transferred from the Municipal Corporation, Delhi, to the Delhi Development Authority. It requires examination whether it would not be in the interest of a coordinated implementation of the schemes if both of them were entrusted to one agency.
- (ii) The Municipal Corporation, Delhi, which was till recently executing these schemes, never kept separate accounts of the funds received for implementation of the Schemes or of the expenditure incurred on the Schemes. The funds got merged with the general revenues of the Corporation. The financial stringency faced by the Corporation, which has been "living from hand to mouth", inevitably created a situation in which the Schemes were starved of funds. It is necessary for Government to recognise that a similar situation will arise in future unless steps are taken to put the Corporation's finances on a sound footing. The Committee understand that a Commission is at the moment engaged in an examination of the subject. The Committee hope that this Commission's efforts would supply a lasting basis for an improvement of the Corporation's finances.

- (iii) The position in regard to land acquired for this as well as the Slum Clearance and Improvement will have to be gone into in detail to ascertain whether proper records of lands acquired are available and the best use to which the lands can be put.
- (iv) Lands cleared of squatters under the scheme should be promptly taken up for development and suitable protective measures taken to ensure that fresh squatting does not take place again.
- (v) Above all, it will be necessary to ensure that both the schemes are efficiently executed and costs strictly limited to stipulated ceilings. Accounts of expenditure should also be separately maintained and subjected to timely audit.

#### Family Planning Scheme

#### 2.33. Grant No. 42—Medical and Public Health

Group-head	Original Provision	Saving
(In lakhs of Rs)		
<i>B. 5—Miscellaneous</i>		
B.5(4)—Expenditure on Family Planning	208.00	99.75

The saving, constituting more than 47 per cent of the original provision, was explained as mainly due to (i) lesser purchase of contraceptives (Rs. 59.26 lakhs) and (ii) the Family Planning Programme not having gained the desired momentum (Rs. 40.49 lakhs). There was a shortfall of Rs. 24.07 lakhs in 1965-66 also for the same reasons.

(Page 98—Appropriation Accounts—1966-67).

2.34. The Committee enquired why there was such a substantial saving in the Grant relating to Family Planning Scheme. They pointed out that the scheme had been taken up for execution on a national level in view of its vital importance to the economy and its implementation should have been undertaken in right earnest. The Secretary, Ministry of Health stated that there were three reasons:

- (i) Delay in releasing grants to voluntary organisation, the work in respect of which had since been decentralised by setting up grant committees at the State and district level.

- (ii) Delays on the part of the States in setting up adequate number of centres under the Auxiliary Midwives Training Scheme.
- (iii) Savings in the allotment made to the Railways and Ministry of Defence.
- (iv) Lesser purchase of contraceptives, due to global tenders having to be floated.

"I would submit", the Secretary, added, "that what we are considering is a thing which happened nearly two years ago. This Department of Family Planning was created in March, 1966. Since then we have tried to reorganise all these arrangements and to make them more speedy. Many of these bottlenecks have been removed."

2.35. The Committee enquired whether inspite of attempts to popularise the loop, it was losing ground. The Committee were given the following figures of IUCD insertions in this connection:

Year	Target	Achievement	Percentage of achievement	Rate per thousand
1966-67	41,98,797	9,09,726	21.67	1.8
1967-68	20,57,244	6,69,208	32.5	1.3

The Committee were also informed that the target for 1967-68 was fixed at the rate of 4 per thousand. The Secretary, Ministry of Health stated that the set-back received was "to some extent" due to "the excessive enthusiasm in the beginning." "May be", he added, "the side effects and the possible repercussions were not adequately explained, but we have rectified our stand in this respect." Emphasis was now being laid "on pre-insertion examination by a doctor; a good relationship between the doctor and the patient and sound follow-up after insertion" through maintenance of systematic history sheets in respect of every patient. Research was also under way to find out the effects of the loop. All these should help to identify the causes of failure. Besides, to put the significance of the loop in the Family Planning programme in the correct perspective, Government had decided to give "equal emphasis" to all the available methods for family planning.

2.36. The Committee were given the following figures of sterilisation operations done in 1966-67 and 1967-68:

Year	Target	Achievement	Percentage of achievement	Rate per 1,000 population
1966-67 . . . .	12,63,354	8,87,368	70.2	1.8
1967-68 . . . .	15,42,933*	18,40,045	120.0	3.61

(\*Fixed at the rate of 3 per thousand).

The Committee enquired what steps were being taken to popularise this aspect of the programme amongst the lower income groups, who required it most from the economic point of view. The Secretary, Ministry of Health replied: "We have reasons to believe that nearly 60 to 65 per cent of these sterilisation cases came from the lower social economic groups in the rural areas. We have had some sample studies made of the community-wise proportion and we have reasons to believe that almost all the communities are participating in the particular scheme more or less in the same proportion as the proportion of their population."

2.37. The Committee asked for particulars about the target and achievement in respect of use of conventional contraceptives. The following information was furnished:

Year	Target	Achievement (No. of users)	Percentage of achievement	Rate per one thousand
1966-67 . . . .	23,08,272*	4,41,198	19.1	0.9
1967-68 . . . .	20,57,244†	4,75,833	23.1	0.9

(\*Calculated at the rate of 4.6 per thousand).

†Calculated at the rate of 4 per thousand).

2.38. The Committee enquired about the research programmes being conducted by Government for devising new and more effective techniques of family planning and for improving the efficacy



of the existing ones. In a note, the Department of Health and Urban Development have furnished the following information:

"Lippe's loop which is currently in use is being improved upon. Dye of an improved type has been got prepared and its manufacture on experimental scale is going to be started. Various other types of I.U.C.D. (size-shape and make) including Polygon (Danish IUD) are being tried to find out an IUC device which may be more suitable than the existing one in use. Studies have been undertaken at various places like Central Drugs Research Institute, Lucknow etc. to find out the mode of action and cause of side effects such as uterine bleeding in women wearing I.U.C.D. This is expected to lead to finding means to prevent or counteract the side effects, thereby making I.U.C.D. more acceptable.

#### *Sterilisation*

In carrying out these operations improved techniques are being applied so that reversible operations can be carried out relatively easily, if these become necessary in some cases at a later date. Experimental studies are in progress to find out ways of doing reversible tubal and was occlusion in the laboratory animals as well as in the human.

#### *Hormonal Contraceptives:*

**Pills:** Presently available pills are given cyclically and have the disadvantage of having to be taken regularly during certain days in each cycle by the women. Studies are being carried out at the present moment with some low dose of progestogen which is to be taken continuously without any interruption. This may obviate the calculations of days in cycles by the women who may not be educated enough to follow the regimen intelligently. Moreover, this may also have lesser side effects in respect of nausea, vomiting etc.

**Injectible:** To obviate the necessity of taking hormone pills daily during each cycle injectible preparations have been tried. This will obviate many difficulties and may be possible to give one injection for one to three months. With these changes the oral as well as injectible preparations may be more acceptable to the women.

#### *Work being done with the object of developing new methods*

**Post-coital pills:** Attempts are being made to develop some long acting pills which on being taken by the women after sexual act will give protection against conception. Such pill will have the advantage of giving protection by taking only for a day or more during about mid-cycle.

*Pills for males:* Experiments are being carried out to find out some suitable drugs for the control of reproductive action by sperms.

*Immunological method:* Animal work has demonstrated that it is possible to have contraception using materials developed as "vaccine". It has not yet been possible to produce this effect in the human being due to some technical difficulties. Further work is in progress."

2.39. The Committee enquired what kind of resistance was being encountered in the implementation of the programme. The Secretary, Ministry of Health stated that "the only resistance is due to backwardness and ignorance." Certain misconceptions consequently prevailed, these being:

- (a) artificial methods of contraception may affect the health; or the methods may not be effective;
- (b) The belief that prevention of conception is against the will of God or that children are the gifts of God;
- (c) The old fear of infant mortality and the desire to have a number of children so that a few may survive; and
- (d) The feeling that larger number of sons were needed to have more bread winners and also provide security in old age.

"A broad based programme of mass education and motivation utilising all available media has accordingly been formulated. Under this programme all available methods and media are being increasingly employed to educate and persuade the people to accept the norm of a small family."

2.40. The Committee drew attention to certain instances of abuses noticed in the working of the scheme reported from some States vasectomy operations being performed on young men etc. The Secretary, Ministry of Health replied:

"In a very big programme like this, I would not be audacious enough to say that there is no misuse. May be there is a little misuse here and there. But in the light of what we have experienced in various parts of the country, we have devised some procedures and instructions which should be able to take care of the bulk of these deficiencies. For example, in the case of sterilisation, if somebody does resort to misuse, it will have to be a conspiracy among the social workers, the person who comes to the clinic, the para-medical staff and the doctor. Unless these four agencies combine together, there can be no possible misuse. And on doctors

particularly, we have pinned a lot of faith, hope and confidence. May be there are some blacksheep among them, but I have reasons to believe that by and large they are people belonging to a noble profession, who can be trusted and relied upon. Of course, there will be a few exceptions, and we certainly take very drastic action in any case which comes to our notice."

2.41. In a note on this point, the Department have stated:

"A few cases of sterilisation on the wrong type of persons like those of old and unmarried persons have also caused temporary local unpopularity of the family planning programme. Complaints received in such cases are properly followed up and wherever feasible recanalisation operations have been carried out. Steps have also been taken to see that such mistakes are minimised. Some few cases of coercion and official influence for imposing family planning services like IUCD insertions and sterilisations are alleged to have also contributed to the unpopularity of the family planning programme. All such cases are being looked into."

"The number of complaints received has been almost insignificant as compared to the large amount of services and motivational work in the country through the help of such large numbers of personnel working in the programme. In fact the increasing popularity of various aspects of the programme including sterilisation, conventional contraceptives etc. shows that many of these complaints are not very serious; at any rate their impact is little."

2.42. During evidence, the Secretary, Ministry of Health informed the Committee that action was taken in all such cases. He added: "We certainly do want to remain in touch with all cases of malpractices, whether on a smaller level or a bigger level, and we take the most drastic action against those who deliberately do anything which should not be done."

Secondly, about the measures that we have taken, we have resisted the tendency to increase unduly the amount of cash payment. There are lots of suggestions in this regard and many ideas have been given by very responsible, respected people, but our thinking has been that the cash incentives should not be unduly large.

Thirdly, in our thinking, we have said that the amount of money that should be paid should be commensurate with the amount of trouble and expenditure that the individual has to incur. You will

agree that in our state of poverty, particularly in the lower socio-economic group, the person who is on daily wages cannot come to the dispensary by himself; and may be he has to bring one or two companies with him and they have to be looked after. Therefore the payment of Rs. 10 for such out-of-pocket expenses on his part perhaps is not excessive, though I admit that in some cases even that amount might be treated as a temptation or an allurements."

2.43. The Committee enquired how many of the 50 million couples reported to be in the reproductive age group had been covered by the Scheme. The Committee were informed: "It has been estimated that in June, 1968, there were 52.5 million eligible couples. Of these the number of currently protected couples is estimated to be 5.49 million or about 10.5 per cent."

2.44. To a question what impact the Scheme had made on the birth rate the Committee were informed as follows:

"Studies on All-India basis to assess the impact of the Family Planning on the birth-rate have not yet been carried out. The Programme Evaluation organisation of the Planning Commission is at present engaged in evaluating the impact of various family planning inputs in 34 districts and 1 Union Territory of the country. However some studies in a few selected places indicate that definite reduction in the birth rate has occurred in several areas of the country where intensive family planning work has been done. For example, in Athoor Block (Madurai District, Madras State), the birth rate decreased from 43.6 in 1959 to 31.3 in 1966; in Chinhat and Mohanlalganj Blocks (Lucknow District, U.P.) the rate decreased from 50.8 in 1963 to 45.3 in 1967; in Singur Health Centre area (West Bengal) it decreased from the level of 42 noticed upto 1958 to a level of 34 in 1966. The most notable reduction in birth rate occurred in the Assam Branch of Indian Tea Plantations Association, where it declined from 44.4 in 1961 to 25.6 in 1967."

2.45. In reply to a question what steps were being taken to popularise the Scheme in States where density of population was high, it has been stated:

"According to 1961 Census, the density of population in India (excluding Jammu and Kashmir) was 370 per square mile. Six

States in India had higher density of population than the national average as per details given below:

<i>Name of the State</i>	<i>Density of population per square mile</i>
(1) Kerala	1127
(2) West Bengal	1032
(3) Bihar	691
(4) Madras	669
(5) U.P.	649
(6) Punjab (now Punjab and Haryana).	430

Out of the 6 States mentioned above, progress in implementation of family planning programme has been steady and satisfactory in States other than Bihar and Uttar Pradesh."

"In Uttar Pradesh, the State Government did not implement earlier the recognised family planning programme of 1963. They have now agreed to implement the re-organised programme and streamline the administration. It is expected that the programme will gain the necessary momentum after additional staff required for the programme are recruited and posted. However, it will be seen from the attached statement that there is a steady improvement in implementation of the programme, both in the field of sterilisation as well as in the field of IUCD insertion. This upward trend is being maintained.

In Bihar also, the re-organised programme was not sanctioned by the State Government till last year. Bihar had also difficulties in implementing the programme due to severe drought conditions. However, the performance started improving from 1966-67 and in 1967-68, they made considerable progress and achieved 88.8 per cent of the target for sterilisation. The actual number of operations performed was a record number in Bihar and was many times the performance of previous year. This year also the performance is showing a higher trend than that of last year. IUCD programme is, however, not very satisfactory in Bihar because of lack of women medical officers.

The Government of India are placing lady Doctors at the disposal of both Bihar and Uttar Pradesh for their IUCD programme. In addition to this, in order to make up for poor performance in

the past, additional efforts are being made for implementation of the programme in Bihar and U.P. by taking 11 districts in Bihar and 18 districts in U.P. for intensive family planning programme by putting additional inputs. These intensive districts have much higher density of population as compared to the All-India average or the State average. Intensive work is not only being done in the States of high density but this is also being initiated locally in the districts having higher density of population. 51 districts have been selected for intensive work, the total population of which is about 1/3rd of the population of the country having 336 districts."

2.46. While the Committee note with satisfaction the efforts being made to popularise the Family Planning programme, they are concerned over the fact that certain activities forming part of the programme have not yet gathered the necessary momentum. The scheme for popularising the use of conventional contraceptives, for instance, has not achieved the degree of success expected: the number of users, which was expected to be 4 per thousand or over, has remained 0.9 per thousand both in 1966-67 as well as 1967-68. The figures of I.U.C.D. insertions under the programme for the years 1966-67 and 1967-68 show that this scheme is losing ground due, apparently to lack of adequate public response. Besides, the Family Planning programme as a whole has not made much headway in two viz., Bihar and Uttar Pradesh, out of the six States, where the density of population is even higher than the national average

2.47. The Committee would like Government to intensify family planning programme activities, particularly in States which have a high population density. Further, efforts should be concentrated on winning the acceptance of vulnerable sections of the society to whom the requisite facilities under the programme will have to be effectively made available. In this connection, the Committee note that in the area covered by the Assam branch of Indian Tea Plantations Association it has been possible to achieve an impressive reduction in the birth rate, through the good offices of the Association. The Committee suggest that the assistance of such voluntary organisations of employers and employees should be taken in all parts of the country to carry the message of family planning to the sections of society which need it most.

2.48. It will also be necessary to recognise that efforts at popularising the programme will have greater success if it is made as broad-based as possible by devising new, simple and effective techniques of family planning and improving the existing ones through

continuous research. The Committee note that efforts in this regard are already under way and hope these will be successful. A systematic evaluation of the results achieved will have also to be attempted, so that the success of the programme can be gauged and the causes of resistance identified and eliminated by educative propaganda.

### **CHAPTER III**

#### **MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION**

(DEPARTMENT OF CO-OPERATION)

##### **Delhi Consumers Co-operative Wholesale Store Ltd.**

###### *Audit Paragraph*

3.1. The Delhi Consumers Co-operative Wholesale Store Ltd., started functioning from 29th January, 1963. Its share capital, as on 30th June, 1967, amounted to Rs. 13.05 lakhs, out of which Rs. 8.65 lakhs had been contributed by Government. Government had also advanced loans amounting to Rs. 11.39 lakhs up to 31st March, 1967; and out of this, a sum of Rs. 2.17 lakhs had been repaid upto that date.

(i) The Co-operative Store sustained net losses amounting to Rs. 1.79 lakhs upto June, 1966. The losses were mainly due to heavy expenditure on salaries and wages of establishment; the expenditure on this account during 1965-66 amounted to Rs. 1.93 lakhs, as against Rs. 0.68 lakh in 1964-65.

The Ministry have stated that streamlining of staff is being undertaken by the management of the Co-operative Store and its unprofitable lines of business are being given up.

(ii) In September, 1965, the General Body fixed certain credit limits for the member stores. However, in 110 cases the credits were allowed in excess of these limits, the excess credit allowed being Rs. 3.18 lakhs as on 30th June, 1967.

At the end of June, 1967, a sum of Rs. 8.94 lakhs was overdue for recovery from the primary stores in respect of credit sales made to them. In August, 1967, the Department of Co-operation of the Ministry, estimated that at least 25 per cent of the outstanding dues were of a doubtful nature for purposes of recovery. The managing committee of the Store has, however, referred 41 cases of defaulters involving a sum of Rs. 6 lakhs to the Registrar of Co-operative Societies, Delhi for recovery through arbitration.



(iii) A sum of Rs. 20,005 was misappropriated by two employees during September, 1965 to April, 1966. The amounts were realised by them by sale of certain articles but were not deposited by them with the Co-operative Store. The employees were arrested on 8th September, 1965 and 12th May, 1966. One of the employees has been tried and convicted, while the case of the other is stated to be *subjudice*.

(iv) Physical verification of stores conducted during 1963-64, 1964-65 and 1966-67 disclosed shortages and excesses of stores valuing Rs. 57,022 and Rs. 22,069 respectively. (Results of physical verification conducted during 1965-66 were not made available to Audit). In addition, a test check of the stock registers showed that stock balances of articles had been unauthorisedly reduced by the store-keeper in certain cases, the value of stock reduced being Rs. 11,262. No action was taken by the management to fix responsibility for the shortages.

(v) The management of the store had doubts about the *bona fides* of certain debit entries (Rs. 1.43 lakhs) and credit entries (Rs. 0.58 lakh) in the bank statements and the matter is reported to be under investigation of the Special Police Establishment. Meanwhile, the Store has been paying interest to the bank at the rate of Rs. 16,000 per annum in respect of the debits amounting to Rs. 1.43 lakhs.

(vi) In respect of certain printing work done during 1965-66 the printer submitted bills amounting to Rs. 38,024 to the Co-operative Store. "On account" advances amounting to Rs. 25,000 were paid to the printer during April to July, 1966. The accountant/stationery clerk, on verification earlier, had pointed out that the bills were not correct as material worth Rs. 16,600 only had been received from the printer. Advances to the extent of Rs. 8,400 were thus paid by the Store in excess of the amount actually admissible to the printer. The printer has however, been insisting on a further payment of Rs. 13,024 (i.e. the difference between the billed amount and the advances paid to him). The matter has not been settled with the printer so far (January, 1968). [Paragraph 115 of Audit Report (Civil), 1968]

#### (i) *Constitution of the Store*

3.2. The Committee enquired about the constitution of the store, the number of primary stores which were members, the total share capital of the store and the proportion of it contributed by Govern

ment. In a note the Department of Cooperation have given the following information on these points:

3.3. "Delhi Consumers' Cooperative Wholesale Store Ltd. whose registered address is Theatre Communication Building, New Delhi, is a cooperative society registered under the Bombay Cooperative Societies Act, 1925, as extended to the Union Territory of Delhi. According to the bye-laws of the Society, the position of its membership and Managing Committee is as follows: The membership of the Society is open to primary stores, promotional organisations like the Indian Cooperative Union Ltd., other federal consumer co-operatives and the Government. The Managing Committee of the Society should consist of at least 5 members but not more than 15 including the President and one or more Vice-Presidents. The members of the Managing Committee are elected at the Annual General Meeting of the members. The Committee exercises all the powers of the Store except those reserved for the General Meeting. The powers of the Committee include the election of a Secretary from amongst its members, to prepare and lay before the General Meeting, the Annual Profit and Loss Account and audited balance-sheet and the power to appoint, suspend, punish and dismiss employees.

3.4. As on 30th June, 1968, the wholesale Cooperative Society had 237 primary stores as members. The total share capital on that date was Rs. 13.05 lakhs, of which the contribution of Government was Rs. 8.65 lakhs.

3.5. The Delhi Administration have nominated 3 persons on the Board of management of the Society. They are the Registrar of Cooperative Societies, the Chief Controller of Rationing and the General Manager of the Delhi State Cooperative Bank, Delhi. The accounts of the Society are subject to check by a firm of Chartered Accountants nominated by the Registrar of Cooperative Societies. The nominees of the Delhi Administration participate in the deliberations of the Managing Committee. Besides, statutory powers of inspection, audit and regulatory control are vested in the Registrar of Cooperative Societies under the Cooperative Societies Act applicable to Delhi."

#### (ii) Financial Results

3.6. The Committee have been supplied copies of the accounts of the Store for each of the three years ending 1967-68. Of these, only the accounts for 1965-66 have been audited so far. A perusal of the

accounts indicates the following working results of the Store:

	Loss Rs.
1965-66	.. 1,36,102
1966-67	.. 75,585
1967-68	.. 1,54,591
Cumulative loss to end of 1967-68	.. 4,10,093

3.7. Pointing out that the loss had been attributed partly to unremunerative lines of business undertaken by the Store, the Committee asked what these lines of business were, when they were closed down and what loss was sustained on them. The Department have stated: "The Society undertook distribution of rationed commodities in Delhi in December, 1965, which proved unremunerative. It gave up this business in October, 1967. It has not kept separate accounts to indicate the extent of the losses sustained by it in the business of rationed commodities."

3.8. The Committee pointed out that one of the main reasons for the loss was stated to be the disproportionate expenditure on staff. The Committee enquired what the strength of the staff was and what expenditure was incurred by the Store on this account during the last three years. From the data made available to the Committee, the following position emerges:

Year	Total No. of staff	Salaries of staff	Turnover of the Store as given in the Accounts
		(Rs. in lakhs)	Rs. in crores
1965-66	70	1.89	1.52
1966-67	109	3.95	2.28
1967-68	115	3.84	1.20

As regards measures to rationalise the staff of the Store the following measures are stated to have been taken:

3.9. "The question of streamlining the staff and scope for economy in pay roll expenses was first taken up in December, 1967. Since June, 1967 the staff in the wholesale store has been reduced by 69, effecting a monthly saving of Rs. 10,426. The post of General Manager has been kept in abeyance. With the giving up of the

business in rationing articles in October, 1967, 4 zonal godowns were closed down leading to a reduction in rent to the extent of Rs. 7,000 per month. An Administrative Committee was set up in December, 1968, for examining the scope for economy in expenditure on staff. The Committee is expected to submit its report very shortly."

3.10. From the accounts of the Store, the Committee observe that another major item of expenditure has been interest on loans taken by the Store. The payments made on this account in relation to the expenditure as brought to account in the Profit and Loss Account are shown below:

Year	Expenditure on interest	Interest charges as a proportion of expenses brought to account in P & L Account	Total loan outstanding at the end of the year
	(Rs. in lakhs)		(Rs. in lakhs)
1965-66 . . . .	1.70	29%	23.93
1966-67 . . . .	1.71	17%	15.26
1967-68 . . . .	2.56	29%	38.21

The accounts of the Store also show that amounts awaiting realisation from sundry debtors were as follows:

Year	Sundry Debtors (Rs. in lakhs)	Total Sales (Rs. in crores)	Amounts awaiting realisation as a proportion of sales
1965-66 . . . .	19.39	1.52	13%
1966-67 . . . .	30.92	2.28	14%
1967-68 . . . .	28.00	1.20	24%

The Committee observe from the auditor's report on the accounts for 1965-68 that the sundry debtors of the Store are mainly the Primary Stores.

(iii) *Credits allowed to Primary Stores*

3.11. The Committee pointed out that in 110 cases member Primary Stores were allowed credit of Rs. 3.18 lakhs (as on 30th June, 1967) in excess of the limits fixed by the General body of the Store. They enquired how this situation arose and what remedial steps had been taken. The Committee were informed: "The credit limits fixed by the General Body were exceeded in these cases due to laxity of control by the Managing Committee. However, the staff responsible for the lapses have been retrenched. A close watch is being kept to ensure that the credit limits are not exceeded."

3.12. The Committee have also been informed that the credit policy of the Store to the primaries was investigated by an official of the Department of Cooperation in July, 1967. His investigation disclosed that the credit limits were fixed under a formula adopted by a resolution of the General Body of the Store at a meeting held on 5th September, 1965. The official's findings are reproduced below:

3.13. "The Wholesale Stores, however, has never obtained the permission of the Registrar of Cooperative Societies for adopting this formula nor approached him to fix the maximum credit limit in respect of each primary stores individually. The Primary Stores which have suffered losses and whose financial position was weak or bad were also allowed credit. Further, the Wholesale Stores being a federal organisation where the management is entirely controlled by the primary stores themselves, these rules have not been vigorously followed and advances were given liberally to primary stores in some cases even exceeding the credit limit. It may also be mentioned that even defaulting primary stores which have not repaid the earlier advance taken by them were again given credit facilities. As a result of this indiscriminate policy adopted by the Wholesale Stores, a sum of Rs. 28.08 lakhs was outstanding against primary stores towards credit sales made over to them as on 30th June, 1966. Even on 31st March, 1967, the amount was as high as Rs. 18.01 lakhs of which nearly 50 per cent (Rs. 8.97 lakhs) was overdue. Some of the Primary Stores it is understood, are not even accepting the dues shown as outstanding in the books of the Wholesale Stores. On a modest estimate, it may be assumed that at least 25 per cent of this amount is doubtful of recovery. The Management has taken no action to file arbitration cases wherever the dues were outstanding for long. It is also understood that in few cases where

decree have been awarded by the Cooperative Department, the Wholesale Stores has not initiated action to take up execution proceedings. It may be observed in this connection that the Wholesale Stores obtaining a cash credit accommodation of Rs. 16.30 lakhs besides Rs. 10 lakhs on hypothecation from the Delhi State Cooperative Bank for its working capital requirements. It has to pay interest on these advances at rates varying from 8 to 8½ per cent while the Primary Stores are holding back and utilising the sale proceeds without prompt repayment to the Wholesale Store. In view of this, the procedure followed in regard to these advances is woefully unsatisfactory and has to be reviewed at once. It may be observed that the outstandings on this account are continuously rising to alarming proportions as indicated below:

	(Rs. in lakhs)
30-6-64	4.86
30-6-65	12.51
30-6-66	28.08

Arbitration references should be filed on all pending overdue cases and the amounts have to be recovered expeditiously. In future, it would be safe to follow a more cautious policy particularly keeping in view the present experience which is not altogether happy and to restrict these credit advances only to good working primary stores and that too upto the amount of the share capital invested in the Wholesale Stores instead of multiples."

3.14. The Committee asked how much of the credits extended were overdue for recovery and in how many cases arbitration proceedings for recovery were pending. The information furnished on these points is reproduced below:

3.15. "As on 30th June, 1967, a sum of about Rs. 9 lakhs was overdue from 130 primary consumer cooperative societies, out of which a sum of Rs. 3.11.024 has been recovered subsequently. As regards the 41 cases of primary consumer cooperative societies referred to, arbitration awards have been obtained in 28 cases involving an amount of Rs. 3.63.137. Action is in progress in the remaining cases. A sum of Rs. 93,000 has so far been recovered."

(iv) *Loans given to the Store by Government*

3.16. The Committee asked for particulars about loans given by Government and the amounts pending recovery as arrears. The

Department have in a note indicated the following position:

3.17. "Financial assistance was provided to the Society from time to time by the Delhi Administration for working capital, purchase of trucks, construction of godowns and purchase of furniture and fixture .... The total amount provided to the Society upto 31st March, 1967, was Rs. 11.395 lakhs.

3.18. As regards the security for the financial assistance provided, it is stated that the Delhi Administration has nominated three members on the Managing Committee of the Society who participate in the deliberations of the Committee. Moreover, amounts due from a cooperative society can be recovered as arrears of land revenue under the Bombay Cooperative Societies Act, 1925 as extended to the Union Territory of Delhi."

3.19. "As on 28th February, 1969, a sum of Rs. 47,183.56 towards interest and an amount of Rs. 13,571.43 towards principal were in arrears. The amount of interest mentioned above includes a penal interest of Rs. 1,085.65 on the overdue instalments of principal. Demand notices for the overdue amounts were issued by the Registrar of Cooperative Societies. The Collector has been moved by the Registrar of Cooperative Societies for recovering the amount under Section 65 of the Bombay Cooperative Societies Act, 1925 as arrears of land revenue."

(v) *Miscellaneous irregularities*

3.20. The Committee drew attention to the misappropriation of a sum of Rs. 20,005 by two employees. The department have stated that the employees were convicted by different courts with imprisonment and fine. In reply to a question whether any security was taken from the employees, it has been stated that none was taken but suitable security by way of cash/fidelity insurance policies was now being taken from selected categories of staff handling stores and cash.

3.21. The Committee enquired about the case in which certain debit entries (Rs. 1.43 lakhs) and credit entries (Rs. 0.58 lakh) in bank statements were suspected to be fraudulent. The Department have stated: "The matter is under investigation of the Special Police Establishment. The alleged fraudulent entries relate to the months of April, May and June, 1966 and came to notice in August, 1966. They were reported to the Special Police Establishment in the same month (August, 1966)."

3.22. In regard to the dispute between the Store and the printer referred to in the Audit paragraph, the Committee were informed that "no agreement was executed with the printer by the Society. Against the estimated value of the work, advance payments to the extent of Rs. 25,000 were made through cheques dated 9th April, 1966, and 16th April, 1966. The work actually done by the firm, however, was calculated by the Society to be of the value of about Rs. 16,000 only. The printer has on the other hand made a claim for a total sum of Rs. 38,024. The dispute between the printer and the Society has been referred to arbitration."

3.23. The Committee pointed out that physical verification of Stores conducted during three years ending 1966-67 had disclosed shortages (Rs. 57,022) as well as excesses (Rs. 22,069). The Department have stated that "the Society has not so far reconciled the discrepancies in stock." To a question whether investigation had been carried out to fix responsibility, the Department have replied: "No investigation has been carried out to fix responsibility for the shortage in stock and unauthorised deletion of stock-entries mentioned in the Audit paragraph."

(vi) *Administration of the Store*

3.24. The Department have furnished the following note about the overall working and administration of the Store.

3.25. "It may be mentioned that as the working of the Society was unsatisfactory, the Delhi Administration superseded the elected Managing Committee on 28th June, 1967. A nine member Committee was nominated to manage the affairs of the Society. The superseded Managing Committee members took the matter to the Delhi High Court which held the supersession order to be invalid (on the ground that full reasons for removing the Managing Committee were not given in the impugned order) with the result that the old managing committee was again restored with effect from 28th March, 1968. The Delhi Administration has filed an appeal in the Supreme Court against the order of the Delhi High Court.

3.26. A General Body meeting of the Wholesale Cooperative Store was held on 27th October, 1968, when a new Managing Committee was elected and it is expected that the affairs of the Society will be run in a better way in the future. A Statutory Enquiry into the affairs of the Society under Section 43 of the Bombay



Cooperative Societies Act has been ordered by the Registrar of Cooperative Societies, Delhi and further action will be taken on completion of the enquiry.

3.27. The Ministry of Food, Agriculture, Community Development and Cooperation was also exercised over the deteriorating affairs of the Society. On September 25, 1966, the then Deputy Minister of Cooperation in a letter to the President of the Society drew particular attention to the tendency of the primary societies to misutilise the sale proceeds of goods supplied to them on credit for making purchases from the open market which resulted in the Wholesale Store bearing the burden of interest on the funds so deployed."

3.28. The Committee are concerned about the state of affairs in the Delhi Consumer Cooperative Wholesale Store. Over a period of five years since its inception, the Store has accumulated losses amounting to Rs. 4.1 lakhs, which have wiped out about a third of its share capital of Rs. 13 lakhs. Due to its unsatisfactory financial position, the Store has been obliged to borrow heavily: its indebtedness as at the end of June, 1968 amounted to Rs. 38.21 lakhs. Interest on these borrowings alone accounted on an average for 25 per cent of the working expenses of the Store, exclusive of its trading expenses. The Store has extended credit to primary societies without regard to the limits fixed by the General Body (which themselves have not been approved by the Registrar of Cooperative Societies) or to the past performance of some of these primaries in the matter of repaying advances given earlier. As on 30th June, 1967, the credit extended to primaries in excess of the limits amounted to Rs. 3.18 lakhs and a sum of Rs. 9 lakhs was overdue for recovery. The Store has been forced to have recourse to arbitration proceedings for recovery of major portion of these overdues. The turnover of the Stores too has declined from Rs. 2.28 crores in 1966-67 to Rs. 1.20 crores in 1967-68, but its expenses on establishment continue to be virtually the same, i.e., Rs. 3.84 lakhs.

3.29. The Committee note that Government themselves are exercised about the working of the Store and that a statutory enquiry into its affairs has been ordered. The Managing Committee of the Store has also been reconstituted and Government expect that the Store will be run by them in a better way in future. The Committee, however, feel that concerted measures will have to be taken to re-organise the Store to make it function on sound and

business like lines. The following aspects of its working should in particular receive attention:

- (i) The Store is far too heavily dependent on borrowed funds and interest on its borrowings has been acting as a drag on its finances. It should be examined how best dependence on borrowings can be reduced through expeditious realisation of dues from Primaries and other parties, which at present are very heavy. To obviate dependence on borrowings, it may be examined whether the Primaries should not be persuaded to contribute to the share capital of the Store in a larger measure. The Store should also extend credit facilities very sparingly in future.
- (ii) The expenditure on the Store's establishment is heavy and shows no relation to its turnover. The scope for economies in this direction should be examined. The Committee understand that an administrative Committee has been set up to go into this question.
- (iii) Systematic and continuing efforts will have to be made to identify promptly unprofitable lines of business and to close them down. The Committee note that the accounts of the Store as at present kept do not indicate which of the lines of business are profitable and which of them are not. It will have to be examined how best the accounts could be rationalised to make this information available to the Management.
- (iv) The data at pages 40 and 41 of this Report would indicate that control over the cash and stores transactions is lax. As any slackness in this regard could lead to substantial leakage, the Management should exercise closer supervision over these matters.
- (v) The audit of the accounts of the Store has not been conducted beyond 1965-66. This should be expeditiously got done and appropriate action initiated on the Auditor's observations.

3.30. The Committee would like to be apprised of the action taken by Government pursuant to these suggestions. They would also like to be informed of the corrective action taken on the basis of the findings of the statutory enquiry now under way and specific instances of irregularities mentioned in that Report.

# CHAPTER IV

## MINISTRY OF IRRIGATION AND POWER

### Appropriation Accounts (Civil), 1966-67

#### 4.1. Grant No. 132.—Capital Outlay on Multipurpose River Schemes

	Total Grant	Actual Ex- penditure	Excess + Saving—
	Rs.	Rs.	Rs.
A. 5.—Farakka Barrage Project:			
A. 5(2)—Feeder Canal			
O. : : : 329.54 }	249.90	259.55	+9.65
R. : : : —79.64 }			

4.2. The provision was reduced by Rs. 79.64 lakhs on 31st March, 1967, reportedly due to (i) lesser expenditure on works owing to inability of the contractors to keep up the pace of execution, etc. (Rs. 55.19 lakhs) and (ii) deferment of the procurement of construction materials owing to non-finalisation of the designs for the construction of the cross drainage structures in the Feeder Canal (Rs. 23.80 lakhs).

4.3. The final excess (Rs. 9.65 lakhs) was, however, attributed to increased expenditure than estimated owing to accelerated pace of the execution of works.

[Page 143.—Appropriation Accounts, 1966-67.]

4.4. The Committee pointed out that there was a saving of Rs. 69.99 lakhs under the head 'A-5-2-Feeder Canal' in relation to the original project provisions. The saving was explained as mainly due to less expenditure on works owing to inability of the contractors to keep up the pace of execution, etc. (Rs. 55.19 lakhs) and deferment of the procurement of construction materials owing to non-finalisation of the designs for the construction of cross drainage structures in the Feeder Canal (Rs. 23.80 lakhs) counter-balanced by expenditure on other items.

4.5. The Committee asked what were the reasons for inability of the contractors to keep up the pace of execution. The witness stated that there were three reasons. One was that the output of certain machinery, for procuring of which foreign exchange was released to the contractor, was "very low". Secondly, for "various reasons" the foreign exchange asked for could not be released immediately to the contractor. Thirdly, full power supply could not be given to the contractor though they were given on loan 2 sets of 100 Kw. capacity. The Secretary further stated that the contractor had been given extension from June, 1968 to June, 1969 to complete the work.

4.6. In reply to a question the Committee were informed during evidence that the delay in completing the work would not interfere with the commissioning of the works and barrage would be ready in June, 1971.

4.7. The Committee desired to know at what stage of execution of work the contractor needed machinery, for the purchase of which Government had committed itself to provide foreign exchange to him. They were informed: "The nature of the work is such that there is no particular stage at which the machinery required to be imported is needed for the execution. The machinery could be engaged in the work at any stage and as quickly as it would be received on its complete form".

4.8. The Committee enquired how exactly the commitment to provide foreign exchange for execution of the contract arose. The Ministry have in a note stated that it arose from a clause in the contract which is reproduced below:

"Clause 31. Foreign Exchange.—The equipments procured through the assistance of the Government shall not be removed from the site of the Project, till the completion of the work. Even after the completion of the work, Government reserves the right of taking over the equipments on mutually agreed terms.

The contractor shall restrict his demand of free foreign exchange under:

- (a) Spare parts for machinery.
- (b) Certain special equipments to a ceiling of Rs. 10.00 lakhs for both (a) and (b) put together.

Import licences from rupee-payment countries shall however be restricted to Rs. 1.00 crore."

4.9. The Committee asked for particulars of equipment for purchase of which foreign exchange was released. The Ministry have given the following information in a note:

Sl. No.	Description of machinery for which foreign exchange released	Amount of Foreign Exchange released		Remarks
		Pre-devaluation	Post-devaluation	
1	2	3	4	5
		Rs.	Rs.	
<b>A. Rupee payment Foreign Exchange</b>				
<b>1. Russian Machinery</b>				
(a)	30 Nos. Towed Scrapers Model D374A with Crawler Tractor T100M . . . . .	29,62,200		Machinery brought to site
(b)	10 Nos. Motorised Scrapers D357M . . . . .	17,00,000		"
(c)	6 Nos. Crawler Tractors Model T100M . . . . .	4,51,440		
(d)	4 Nos. Bulldozers model D384 with diesel electric Crawler Tractor model DE F-250 . .	8,94,880		"
(e)	Spares for the above . . .	6,00,852		"
<b>2. Polish Machinery</b>				
(a)	2 Nos. Polimer Bucket Wheel Excavators Model KWK-102	10,00,000		"
(b)	1 No. Polimer Crawler Mounted Room Stacker Model ZGOT500		8,81,750	"
(c)	Spares for the above			
(d)	1 No. Stacker and 2 Nos. Bucket Wheel Excavators		26,95,888	Orders not yet placed (As ascertained) from local

1	2	3	4	5
		Rs.	Rs.	
				representa- tive M/s. .... (the con- tractor)
<b>B. <i>Free Resources Foreign Exchange</i></b>				
	(a) 5 Nos. Caterpillar		14,70,600	Orders placed.

4.10 Asked for the details and value of imported machinery not found useful the Ministry have stated: "Particulars of equipment not found useful by the contractor are not available with the Project. However, the contractor had raised this issue in general terms and had indicated as under:

- (a) Russian Tractor drawn scrappers which were said to be 8/10 cub. m. capacity actually proved to be only 6/8 cub. m. capacity, and hence the production was down by 25 per cent;
- (b) Russian motorised scrappers of 9 to 11 cub. m. capacity could hardly produce 25 per cent of the total capacity on account of several defects in the machines."

4.11. The Committee asked for particulars of action taken by Government on the contractors' application for release of foreign exchange which was actually sanctioned and the reasons for the delay, if any. The Ministry have in a note stated:

**"1. *Purchase of Russian Machinery involving foreign exchange amounting to Rs. 66,09,372.***

The contractor applied for release of foreign exchange in late January, 1965 for import of Russian machinery under Trade Plan. After completing the procedural formalities involved in processing the Import Licences Applications for import of Capital Equipment which normally takes about 2-4 months, foreign exchange was released in May, 1965 and the Import Licence was also issued soon thereafter.

2. *Purchase of 2 Nos. Crawler-mounted Bucket Wheel Excavators with spare parts and power generating sets etc., foreign exchange amounting to Rs. 10,00,000/- from Poland.*

The contractor applied for release of foreign exchange in March, 1965 for import of 2 Nos. Crawler mounted Bucket Wheel Excavators with spare parts etc. from Poland under Trade Plan. The sanction for release of foreign exchange and Import Licence were issued in May, 1965.

3. *Purchase of one No. Crawler Stacker, foreign exchange—amounting to Rs. 8,81,750/-.*

The contractor applied for release of foreign exchange for import of one Crawler Stacker from Poland under Trade Plan in late February, 1967. The application was lacking in certain information on technical points which were furnished by the firm in June, 1967. Sanction for the release of foreign exchange was issued early in July, 1967 and Import Licence issued in the same month.

4. *Purchase of one Crawler Stacker and 2 Nos. Bucket-Wheel Excavators, foreign exchange amounting to Rs. 26,95,888/-.*

The application from the contractor for release of foreign exchange for import of one Polish Crawler Stacker and two Bucket Wheel Excavators from Poland received in late August, 1967 did not contain information to justify their requirements for the equipment. The requisite information was received from them in October, 1967. Sanction for the release of foreign exchange was issued in November, 1967 and the Import Licence issued in early January, 1968.

5. *Import of 5 Nos. Caterpillar D-8 Tractors from U.S.A. foreign exchange application amounting to Rs. 15,75,000/-.*

The contractor applied for release of foreign exchange for import 5 Nos. Caterpillar D-8 Tractors from U.S.A. in July, 1966. This involved free foreign exchange. While certain clarifications were sought from the contractor, the matter was taken up simultaneously with the D.G.T.D. for clearance from indigenous angle. At the suggestion of the D.G.T.D. a reference was made to the Ministry of Defence with regard to the availability of Komatsu Tractors being produced by M/s. Bharat Earth Movers Ltd. Subsequently in April, 1967 a request was received from the contractor for arranging purchase of 6 Nos. latest model Komatsu Tractors with blades of the biggest size. Later the contractor indicated that the Komatsu D-120 Tractors produced by M/s. Bharat Earth Movers Ltd. being of very old model were not acceptable to them. M/s. Bharat Earth

Movers Ltd. were then approached with a view to finding out if import of 4 Nos. Komatsu D 12018 (latest model produced in Japan) was possible, as these were acceptable to M/s. Tarapore & Co. Although M/s. Bharat Earth Movers Ltd. had agreed to the proposal subject to foreign exchange being made available they ultimately expressed their inability towards the end of October, 1967, to import these tractors. Consequently the Director General, Technical Development clearance for import of 5 Nos. Caterpillar D-8 Tractors was obtained in December, 1967. Necessary sanction to the release of foreign exchange under 'Free Recources' was issued on 2nd April, 1968 and Import Licence issued in early April, 1968. The case had to be finalised for direct purchase of tractors by the contractors at the same price at which Director General, Supplies and Disposals had finalised the purchase order for 20 Nos. Caterpillar D-8 Tractor for the Beas Project with a view to cutting short the procedural formalities of inviting tenders etc."

4.12. Taking up the question of delay caused by belated supply of power, the Committee enquired whether there was proper planning in this regard. The witness stated that there was a delay on the part of the State Electricity Board in setting up 66 KV lines from Berhampur to Farrakka. The Committee enquired why no damages were claimed from the State Electricity Board. The witness stated: "We shall examine the point as to whether we can penalise them. The Committee called for information from the Ministry on the following points:

- (i) What exactly was the commitment of Government to the contractor in the matter of providing power for the execution of the work;
- (ii) the basis, or anticipation on which this commitment was given—whether any firm commitment was obtained by Government from the Electricity Board in the matter or making the power available before they committed themselves to the contractor; and
- (iii) the reasons for which power did not become available and whether Government had claimed any damages from the electricity Board.

4.13. The Committee have not been furnished with the information despite repeated reminders.

4.14. The Committee pointed out that the saving was also due to the deferment of procurement of construction materials owing to non-finalisation of the designs for the construction of cross drain-



age structure in the Feeder canal. The Committee enquired why designs were not finalised in time. The Secretary, Ministry of Irrigation and Power stated: "I have gone into it. The reason was somewhat different. Designs had been finalised and tenders had been invited but funds in the budget were not adequate. That work was therefore postponed. When fresh tenders were invited, the designs were revised with a view to improve certain features. As a matter of economy, this work was not taken up during that particular year. Later on the design was modified. The first tender was invited but later rejected as the funds were not adequate. Second time, before inviting tenders, we modified the design."

4.15. The Committee enquired about the staff employed by the Department for the work of feeder canal, the expenditure incurred on them and how they were kept fully employed when the work was retarded. They have not been supplied with this information despite repeated reminders.

4.16. The Committee regret that the Ministry of Irrigation and Power have, despite reminders, failed to furnish information on some of the points arising out of this case. The Committee would like to impress on the Ministry the need to ensure that data called for by the Committee is furnished expeditiously.

4.17. At this stage, the Committee would like to comment only on one point arising out of the case. The contract with the firm executing work on the Farraka Barrage provides for machinery purchased by the firm out of foreign exchange released to them being purchased by Government at their option on the completion of the work on mutually agreed terms. In view of the unhappy experience of the contractor with some of the items of imported machinery, the Committee hope that due vigilance will be exercised by Government if they choose to avail themselves of the option.

NEW DELHI,  
April 17, 1969  
*Chaitra 27, 1891 (Saka).*

M. R. MASANI,  
Chairman,  
Public Accounts Committee.

## APPENDIX

### *Summary of main Conclusions/recommendations*

(Referred to in para of Introduction)

Sl. No.	Para No. of Report	Ministry/Department concerned	Conclusion/Recommendations
1	2	3	4
1	I-10	Department of Steel	<p>The Committee feel that if a concession in terms of the loans given to Hindustan Steel Limited was considered justified, necessary relief should have taken the form of a subsidy rather than a waiver of interest. This is the procedure prescribed by the rules and it has the merit of bringing the matter specifically to Parliament's notice. The Committee hope that in future this course will be strictly followed when loans are given to Government undertakings or corporations on concessionary terms.</p>
2	I-11	Do.	<p>The Committee are not convinced by the reasons given by the Department of Steel for deferring till 1964 the inclusion of a clause regarding the charging of penal interest on over-due instalments of interest on the loans. The Ministry of Finance issued general instructions in April, 1962 for the inclusion of such a clause in all loan agreements but the Department did not incorporate this clause till 1964. In the meanwhile even normal interest payments due were allowed to be paid in instalments resulting in a loss of Rs. 1 crore</p>

1	2	3	4
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to the public exchequer. The Committee hope that Government will recognise that Government undertakings have to function on commercial principles and that any deviation in this regard only results in inefficiency being subsidised at public cost.

3	2.5	Ministry of Health Family Planning, Works, Housing and Urban Development (Department of Health)	<p>The Committee are not very happy about the position in regard to the utilisation of vehicles placed at the disposal of the States for the implementation of the National Malaria Eradication Programme. The information furnished by Government shows that nearly 50% of the fleet of 2,650 vehicles is off the roads. The Committee had occasion to comment on the unsatisfactory maintenance and upkeep of these vehicles in para. 2.72 of their 42nd Report (Third Lok Sabha). It is a matter for regret that, despite the creation of an organisation to improve the situation, the position has actually deteriorated.</p>
4	2.6	Do.	<p>The Committee note that in the opinion of the Department of Health and Urban Development, a number of these vehicles have become unserviceable due to age. The Committee would like to know whether any detailed examination of the position in this respect has been conducted by the Central Health Transport Organisation. Before these vehicles are condemned or scrapped, it is essential that a detailed survey should be made, so that only vehicles which are established to be beyond economic repairs are condemned or sold.</p>

Ministry of Health,  
Family Planning,  
Works, Housing and  
Urban Development  
(Department of  
Works, Housing and  
Urban Development)

The Committee observe that the Central Health Transport Organisation set up in the Ministry of Health and Urban Development is meant to function largely as a service agency to similar organisations already set up in the various States. Most of the duties entrusted to this Organisation are of a nature that the State Organisations could themselves discharge, with suitable assistance from the Transport Organisations that exist in the States. The Committee would like Government to examine whether a full-fledged organisation of this nature at the Central level is at all necessary.

Do.

The Committee cannot resist the impression that the execution of the Slum Clearance-Improvement Scheme in Delhi is far from satisfactory. A sum of over Rs. 6 crores had been given by Government till the end of October, 1968, to different local bodies in charge of the Scheme at different stages. Against 6,756 dwelling units required to be completed during the seven years ending 1967-68, the number actually completed was only 2,488. Assistance for meeting the cost of the work was to be regulated with reference to specific ceilings of cost for each dwelling unit. However, after completion of about one-third of the work, not more than a sum of Rs. 9.92 lakhs was reported as available with the Municipal Corporation out of the total assistance of over Rs. 6 crores extended to the Scheme. The accounts of expenditure incurred by the Corporation on the Scheme over a period of seven years are still to be properly prepared and audited. It is clear that the Scheme was not properly planned and the cost of the work was not controlled at any stage. It would also appear that assistance given by Government for the Scheme was diverted to other purposes.

1	2	3	4
7	2.20	Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Works, Housing and Development.)	An examination of the working of the Scheme by an officer appointed by the Lt. Governor, Delhi, disclosed that the Scheme was not properly planned, land was acquired "far in excess of requirements" and proper records of acquisition were not kept. No instructions were issued about the manner in which accounts were to be kept and "no regular financial advice" was available to the agencies entrusted with the execution of the works. The staff employed on the execution of works was "double" what it should have been and "a number of tenements" which were completed could not be occupied due to the absence of civic amenities.
8	2.21	Do.	The Committee would like Government, in the light of these findings, to have a comprehensive investigation made of the working of the Scheme to ascertain how far funds made available for the Scheme were used for the purposes intended and where and to what extent there was laxity in supervision over the proper working of the Scheme. There is obvious need to rationalise the strength of staff and to effect economy. Based on the results of such an investigation, Government should come to a considered decision about the future set up for the Scheme, which would ensure that it is soundly and properly administered. Government should in this context give consideration to some of the useful suggestions made by the Officer on Special Duty.
9	2.22	Do.	The Committee note that a sum of Rs. 50 lakhs on account of loans given by Government for the Scheme is overdue as on 31st March, 1968 for recovery from the Municipal Corporation. The

10

2.31

Do.

Committee observe that the repayment of this amount is tied up with the claim for Rs. 76.76 lakhs that the corporation have preferred against Government towards reimbursement of deficits incurred on the Scheme and that the settlement of this issues will be made in the light of the audited accounts to be produced by the Corporation. The Committee would like to be apprised of the progress made in regard to these matters.

The Committee cannot resist the impression that the scheme for the removal of "jhuggies" and "jhompries" in Delhi was very tardily planned and executed. About 50,000 families of squatters were to be resettled under the scheme but, till September, 1967, only less than half of that number (21,799) could be resettled. In some cases, after the squatters had been removed from the sites, fresh squatting again took place, due to the cleared sites not having been promptly taken up for development, necessitating fresh clearance operations. Accounts of expenditure incurred on the Scheme have not been made available to Audit over a period of seven years and land was acquired for the scheme far in excess of requirements, without any detailed programme for its utilisation. An examination of the Scheme by an Officer on Special Duty disclosed that there was no procedure for the maintenance of accounts or control of expenditure over the Scheme. The situation that developed ultimately led to the further release of funds for the scheme being stopped with effect from 1st April, 1967.

2

11

2.32

Do.

The Committee would like Government to have a comprehensive examination of the working of the Scheme undertaken so that

Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Works, Housing and Urban Development)

the various omissions that occurred could be identified and steps taken to avoid their recurrence through planning and close supervision. The following points in particular need consideration:

- (i) This Scheme and as well as the Scheme for Slum Clearance and Improvement referred to earlier in this Report are closely inter-related. These were being executed by the same agency till 1st March, 1968, when Government decided that the scheme for removal of jhuggles and jhompries should be transferred from the Municipal Corporation, Delhi, to the Delhi Development Authority. It requires examination whether it would not be in the interest of a coordinated implementation of the schemes if both of them were entrusted to one agency.
- (ii) The Municipal Corporation, Delhi which was till recently executing these schemes, never kept separate accounts of the funds received for implementation of the Schemes or of the expenditure incurred on the Schemes. The funds got merged with the general revenues of the Corporation. The financial stringency faced by the Corporation, which has been "living from hand to mouth", inevitably created a situation in which the Schemes were starved of funds. It is necessary for Government to recognise that

a similar situation will arise in future unless steps are taken to put the Corporation's finances on a sound footing. The Committee understand that a Commission is at the moment engaged in an examination of the subject. The Committee hope that this Commission's efforts would supply a lasting basis for an improvement of the Corporation's finances.

- (iii) The position in regard to land acquired for this as well as the Slum Clearance and Improvement will have to be gone into in detail to ascertain whether proper records of lands acquired are available and the best use to which the lands can be put.
- (iv) Lands cleared of squatters under the scheme should be promptly taken up for development and suitable protective measures taken to ensure that fresh squatting does not take place again.
- (v) Above all, it will be necessary to ensure that both the schemes are efficiently executed and costs strictly limited to stipulated ceilings. Accounts of expenditure should also be separately maintained and subjected to timely audit.

Ministry of Health, While the Committee note with satisfaction the efforts being  
Family Planning, Works made to popularise the Family Planning programme, they are con-  
Housing and Urban cerned over the fact that certain activities forming part of the pro-  
Development (Depart- gramme have not yet gathered the necessary momentum. The  
ment of Family Planning) scheme for popularising the use of conventional contraceptives, for

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1	2	3	4
			<p>instance, has not achieved the degree of success expected: the number of users, which was expected to be 4 per thousand or over, has remained 0.9 per thousand both in 1966-67 as well as 1967-68. The figures of I.U.C.D. insertions under the programme for the years 1966-67 and 1967-68 show that this scheme is losing ground due, apparently to lack of adequate public response. Besides, the Family Planning programme as a whole has not made much headway in two, viz., Bihar and Uttar Pradesh, out of the six States, where the density of population is even higher than the national average.</p>
13	2-47	Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Family Planning)	<p>The Committee would like Government to intensify family planning programme activities, particularly in States which have a high population density. Further, efforts should be concentrated on winning the acceptance of vulnerable sections of the society to whom the requisite facilities under the programme will have to be effectively made available. In this connection, the Committee note that in the area covered by the Assam branch of Indian Tea Plantations Association it has been possible to achieve an impressive reduction in the birth rate through the good offices of the Association. The Committee suggest that the assistance of such voluntary organisations of employers and employees should be taken in all parts of the country to carry the message of family planning to the sections of society which need it most.</p>
14	2-48	Do.	<p>It will also be necessary to recognise that efforts at popularising</p>

the programme will have greater success if it is made as broad-based as possible by devising new, simple and effective techniques of family planning and improving the existing ones through continuous research. The Committee note that efforts in this regard are already under way and hope these will be successful. A systematic evaluation of the results achieved will have also to be attempted, so that the success of the programme can be gauged and the causes of resistance identified and eliminated by educative propaganda.

15

3.8

Department of Co-  
operation

The Committee are concerned about the state of affairs in the Delhi Consumer Cooperative Wholesale Store. Over a period of five years since its inception, the Store has accumulated losses amounting to Rs. 4.1 lakhs, which have wiped out about a third of its share capital of Rs. 13 lakhs. Due to its unsatisfactory financial position, the Store has been obliged to borrow heavily: its indebtedness as at the end of June, 1968 amounted to Rs. 38.21 lakhs. Interest on these borrowings alone accounted on an average for 25 per cent of the working expenses of the Store, exclusive of its trading expenses. The Store has extended credit to primary societies without regard to the limits fixed by the General Body (which themselves have not been approved by the Registrar of Co-operative Societies) or to the past performance of some of these primaries in the matter of repaying advances given earlier. As on 30th June, 1967, the credit extended to primaries in excess of the limits amounted to Rs. 3.18 lakhs and a sum of Rs. 9 lakhs was overdue for recovery. The Store has been forced to have recourse

1	2	3	4
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to arbitration proceedings for recovery of major portion of these overdues. The turnover of the Stores too has declined from Rs. 2.28 crores in 1966-67 to Rs. 1.20 crores in 1967-68, but its expenses on establishment continue to be virtually the same, i.e. Rs. 3.84 lakhs.

16. 3.29 Department of Co-operation

The Committee note that Government themselves are exercised about the working of the Store and that a statutory enquiry into its affairs has been ordered. The Managing Committee of the Store has also been reconstituted and Government expect that the Store will be run by them in a better way in future. The Committee, however, feel that concerned measures will have to be taken to re-organise the Store to make it function on sound and businesslike lines. The following aspects of its working should in particular receive attention:

- (i) The Store is far too heavily dependent on borrowed funds and interest on its borrowings has been acting as a drag on its finances. It should be examined how best dependence on borrowings can be reduced through expeditious realisation of dues from Primaries and other parties, which at present are very heavy. To obviate dependence on borrowings, it may be examined whether the Primaries should not be persuaded to contribute to the share capital of the Store in a larger measure. The

Store should also extend credit facilities very sparingly in future.

- (ii) The expenditure on the Store's establishment is heavy and shows no relation to its turnover. The scope for economies in this direction should be examined. The Committee understand that an administrative Committee has been set up to go into this question.
  - (iii) Systematic and continuing efforts will have to be made to identify promptly unprofitable lines of business and to close them down. The Committee note that the accounts of the Store as at present kept do not indicate which of the lines of business are profitable and which of them are not. It will have to be examined how best the accounts could be rationalised to make this information available to the Management.
  - (iv) The data at pages 40 and 41 of this Report would indicate that control over the cash and stores transactions is lax. As any slackness in this regard could lead to substantial leakage, the Management should exercise closer supervision over these matters.
  - (v) The audit of the accounts of the Store has not been conducted since 1965-66. This should be expeditiously got done and appropriate action initiated on the Auditor's observations.
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1	2	3	4
17.	3.30 Department of Co-operation	The Committee would like to be apprised of the action taken by Government pursuant to these suggestions. They would also like to be informed of the corrective action taken on the basis of the findings of the statutory enquiry now under way and specific instances of irregularities mentioned in Report.	
1.	4.16 Irrigation and Power	The Committee regret that the Ministry of Irrigation and Power have, despite reminders, failed to furnish information on some of the points arising out of this case. The Committee would like to impress on the Ministry the need to ensure that data called for by the Committee is furnished expeditiously.	
	4.17 Do.	At this stage, the Committee would like to comment only on one point arising out of the case. The contract with the firm executing work on the Farraka Barrage provides for machinery purchased by the firm out of foreign exchange released to them being purchased by Government at their option on the completion of the work on mutually agreed terms. In view of the unhappy experience of the contractor with some of the items of imported machinery, the Committee hope that due vigilance will be exercised by Government if they choose to avail themselves of the option.	

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
	<b>DELHI</b>		33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
24.	Jain Book Agency, Connaught Place, New Delhi.	11			
25.	Sat Narian & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	70
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20		<b>MANIPUR</b>	
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27		<b>AGENTS IN FOREIGN COUNTRIES</b>	
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON—W.C.—2.	59

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