

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

FIFTY-THIRD REPORT

(FOURTH LOK SABHA)

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 51st Report (Third Lok Sabha) and 19th Report (Fourth Lok Sabha) relating to Defence Services]



**LOK SABHA SECRETARIAT
NEW DELHI**

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(1968-69)

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*Declared elected on 19th August, 1969 Vice Shri M. M. Dharia, who resigned from the Committee.

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-third Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their Fifty-first Report (Third Lok Sabha) and 19th Report (Fourth Lok Sabha)—Defence Services.

2. On 12th June, 1968, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with following Members :

1. Shri D. K. Kunte—Convener.
2. Shri C. K. Bhattacharyya.
3. Shri K. K. Nayar.
4. Shri Narendra Kumar Salve.
5. Shrimati Tarkeshwari Sinha.
6. Shri N. R. M. Swamy.

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 8th April, 1969 and 23rd April 1969 finally adopted by the Public Accounts Committee on 21st April, 1969 and 28th April 1969.

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

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

New Delhi;

April 28, 1969 *Vaisakha* 8, 1891(s)

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

REPORT ON ACTION TAKEN ON 51ST REPORT
(Third Lok Sabha)

CHAPTER I REPORT

This Report of the Committee deals with action taken by Government on the recommendations of the Committee contained in their 51st Report (Third Lok Sabha) on paragraphs 7 and 8 of Audit Report (Defence Services), 1965 regarding purchase of animals from abroad, which was presented to the House on 27th April, 1966. Action taken notes have been received in respect of all the 25 recommendations contained in the Report.

1.2. The action taken notes/statements on the recommendations of the Committee contained in the Report have been categorised under the following heads :—

- (i) *Recommendations/observations that have been accepted by Government :*
S. No. 24
- (ii) *Recommendations/observations that may not be pursued in view of the reply of Government :*
S. Nos. 1 to 23, 25.

1.3. In their Fifty-first Report (Third Lok Sabha), the Public Accounts Committee had examined certain transactions relating to purchase of animals from an Italian Supplier by the Ministry of Defence. In para 2.81 of the Report, the Committee made the following observations :

“2.81 : From the foregoing facts the Sub-Committee find that contracts to the extent of Rs. 3.34 crores were awarded to the Italian Supplier from 1959 onwards. The Sub-Committee also note that ever since the Italian Supplier came on the scene in 1959 all the contracts for the purchase of mules from abroad seem to have gone to him only. On no occasion the rates offered by him were the cheapest; still through negotiations etc. contracts were awarded to him. In the case of the contract placed in September, 1963, the Sub-Committee have commented upon the following unsatisfactory features in this Report :

- (i) Having addressed the foreign missions in the matter, the Ministry of Defence did not wait for their replies but negotiated with the supplier on the pretext that his performance against the earlier contracts had been satisfactory and that his rates were the cheapest in the past. These contentions were, however, not borne out in evidence.
- (ii) Even though no special urgency was shown till 8th July, 1963, up to which date even the requirements for animals had not been finalised, the whole matter gained momentum soon after negotiations were held with the supplier. An urgent telegram calling for information within 4 days was sent to the Indian Missions abroad on 14th July, 1963.
- (iii) The officials of the Ministry agreed to the inclusion of an unusual clause in the contract which precluded Government from purchasing animals from elsewhere.

- (iv) An offer from a firm, whose reliability had been confirmed was rejected without proper examination of the freight rates, availability of animals in Argentina etc. A wrong interpretation was given to the Report of the technical officer and other communications from the Indian Embassy confirming the genuineness of the offer were ignored.
- (v) In their anxiety to finalise the contract, more was read in the communication from the Indian Embassy, than what it contained.

The Sub-Committee cannot help the impression that the officers dealing with this case were hustled in the contract and did not adequately safeguard the financial interest of the exchequer. They desire that this case should be investigated in detail by an independent high powered committee.

1.4. In accordance with the recommendations of the Public Accounts Committee, a Committee of Inquiry was appointed by Government with the Cabinet Secretary as Chairman and the Secretary, Ministry of Steel (earlier the Secretary, Ministry of Food and Agriculture) and the Secretary, Ministry of Law as members. That Committee submitted their Report to Government in February, 1967. Their findings on the various points are briefly summarised below :

(i) *Contracts prior to 1963 :*

"4.3 : We find after an examination of the files relating to 1959-60 contract that global tenders were invited and the Government had to choose between the Italian firm and an Indian firm. As grave doubts had been expressed regarding the capacity and the antecedents of the Indian firm, the matter was discussed in a meeting of the Defence Minister's Committee (Army) and a decision was taken to place the order on the Italian firm. It appears that the Italian firm was considered to be more experienced and reliable vis-a-vis the Indian firm, as the latter was represented by an ex-officer of the Indian Army who had been proceeded against for acts of indiscipline. On the other hand, the Italian firm was registered as a supplier with the India Stores Department, London, and the D.G.S. & D. Further, the quotation from the firm was obtained by the Indian Embassy at Rome by circulating through the Italian Government, the requirements of the Indian Government, to suppliers of such animals to the Italian Government. We also find that the rate at which MA mules were obtained from the Italian supplier in 1959, was £ 154 (approx. Rs. 2,050), whereas the previous supply from USA was at the rate of \$ 700 (Rs. 3,350 approx.)".

"4.4 : So far as 1960-61 contract was concerned, we find from the file that the tenders received were discussed in an Inter-Departmental meeting on 3rd September, 1960, and further consideration of the Spanish offer was ruled out though this offer was the lowest, because the firm had made certain stipulations relating to the specifications and age limits of the animals, which were not acceptable to the Army. We have examined the original quotation furnished by this firm and we find that in addition to the relaxations sought by them in regard to the specifications, the acceptance of their quotation would have involved responsibility on

the part of the Government of India to provide the animals with food during the voyage to India. Also, the Government of India would have been responsible for the condition of the animals on arrival in India. On the other hand, the Italian supplier's rate did not impose any such additional liability on the part of the Government and he also accepted the liability to provide insurance cover for mortality of animals for a period of one week after their landing in India."

(ii) 1963 contract :

(a) 'Haste' shown in negotiations :

"5.3: We find that various Embassies were addressed on 22nd June, 1963 to obtain quotations after making limited trade enquiries in potential markets, and that Dr. Gaddini called on the Ministry of Defence on his own initiative, in July 1963, to discuss matters connected with the delivery of animals against the then current contract, and also to discuss the future requirements of animals. The first meeting between Dr. Gaddini and the officials of the Ministry took place on 8th July, 1963, and further meetings took place on 11th July and 12th July, 1963."

"5.7: We find from a note recorded by the Ministry of Finance (Defence) that the discussions were of an exploratory nature without commitment on the part of either party. At the same time, it is true that the discussions have been described as negotiations in the note submitted to the Defence Minister on 21-7-63. It was as a result of these discussions that the offer dated 12th July, 1963, was made in writing by Dr. Gaddini. As the contract was to be finalised only after the receipt of replies from Embassies these discussions, we feel, need not be characterised as 'hasty negotiations'."

(b) Issue of Telegraphic instructions to Missions :

"5.8: The Joint Secretary who dealt with the case has explained that the telegram dated 14th July, 1963, was sent to the Embassies, asking for a reply within 4 days, in the context of Dr. Gaddini's quotation which was valid only up to 20th July, 1963. He has also explained that the main purpose of this telegram was to find out whether any replies had been received to the earlier enquiry dated 22nd June, 1963, which had been sent to the Embassies. He has further clarified that what the Ministry asked for was the up-to-date position and the Embassies were expected to take up follow-up action and furnish replies to the letter dated 22-6-63 within the originally stipulated date of 31-7-63. He has also reiterated that the time of 4 days given to the Embassies was quite reasonable as no fresh enquiry was required to be made and all that the Embassies were required to do was to indicate the up-to-date position."

"5.10: Secretary (Defence Production) has explained that it became necessary to issue a telegram asking for replies within 4 days, as no replies had been received from the Embassies to the earlier enquiry. It has been explained that it was the practice of the Ministry to work on Sundays during an Emergency and issue of a telegram on a Sunday made it possible for Embassies to take action as soon as the telegram was received on Monday. He has also

pointed out that in the telegram dated 14-7-1963, Government wanted to know whether any offers had been received and it did not ask for a final answer to the enquiry dated 22-6-63 but merely wanted the up-to-date position."

(c) *Inclusion of pre-emptive clause in the contract :*

"6.3 : We also find that Dr. Gaddini in his letter dated 12th July, 1963, made a clear stipulation that the prices quoted by him were subject to the condition that no order would be placed with any other supplier. The legal position in regard to Dr. Gaddini's offer was, therefore, such that either it was to be accepted in toto or rejected in toto unless modified by mutual consent. Even the placing of a trial order on another party might have required the consent of Dr. Gaddini."

(d) *Lack of proper evaluation of alternative offer from Argentine :*

"6.2 : We find that when the Embassy in Argentina in their letter dated 23-7-63 stated that the Argentine firm, was in a position to meet the full requirements of the Defence Ministry, they did not even know what the requirements were. We also find that the initial F.O.B. offer made by the Argentine firm was £50 and not £35 as mentioned in paras 2.54 and 2.60 of the 51st Report of the PAC. As the margin for freight in the initial offer was therefore, £35 only for a voyage from Argentina to India, the doubts of the Defence Ministry appear to be valid. Also, the acceptance of a penalty clause by the supplier was not considered to be very important as the Ministry was interested primarily in procuring the animals and the introduction of an element of uncertainty was not acceptable to them. This position has been explained to us by Secretary (DP)."

"6.4 : Our examination of Col. Nayar, the Technical Officer, who visited Argentina, has also established that the number of mules to the required specifications, that could be procured from Argentina, would not have exceeded the estimate of 400—500 referred to in his report, by more than 100—200. We also find that after the contract dated 14th September, 1963, Dr. Gaddini himself sent only two ship-loads of animals from Argentina, viz. 289 MA and 252 GS mules which reached on 27-12-63, and 52 MA and 278 GS mules by another ship which reached on 25th March, 1964. Even at the time of discussions with him in July, 1963, he had envisaged only two shipments from Argentina. Secretary (DP) has also explained to us that there were a large number of casualties against these shipments."

"6.6 : We also find that all the statements regarding availability of mules in sufficient numbers in Argentina seem to have been made at a time when the magnitude of the requirements was not known to the persons making these statements."

(e) *Reliability of Argentina supplier :*

"8.1 : It was only when the Defence Ministry found that by delaying the matter any further Government may have to face the prospect of Gaddini's withdrawing the offer, that they took steps to have the contract signed. In this context, the special clauses included

by the Argentine firm in their letter dated 20th August, 1963, should also be considered. These clauses disclose an attitude of mind on the part of the supplier who though not experienced in the export of animals, was clever enough to see that if the special clauses were accepted by Government, the Government would be undertaking many risks. One of the special clauses required that the Government of India or any one of its agencies should appear as a charterer or guarantee the performance of the charterer (the firm). The firm had also stipulated an exchange variation clause, and in the context of the fact that Argentina was one of the countries which had a multilateral foreign exchange rate, this stipulation might have involved the Government in uncertainties in regard to prices."

"8.2: We, therefore, conclude that" in the circumstances prevailing in 1963 soon after the Chinese aggression, the aim of the Ministry was to obtain supplies from an assured source rather than take risks with the security of the country; the Defence Ministry, therefore, did not have any alternative but to finalise the contract with the Italian supplier as this was the only reliable source available to them."

15. The Committee note that in reply to Starred Question No. 1126 answered in Lok Sabha on 16th April, 1969, it was stated by Government that Mountain Artillery Mules and General Service Mules are now being procured from Government studs in the country as under:—

- | | |
|-----------------------------|---|
| Mules Mountain
Artillery | — From Government studs (Equine Breeding Studs—BABUGARH and HISSAR) and by making certain upgradations of General Service Mules. |
| Mules General
Service | — From Government Studs (Equine Breeding Studs—BABUGARH and HISSAR) and by purchase of young stock from the RVC Breeding Areas located in U.P., Rajasthan and Punjab. |

1.6. In view of the findings of the High-Powered Committee set up by Government pursuant to observations in para 2.81 of the Fifty-first Report (Third Lok Sabha), this Committee do not wish to pursue these matters further. The Committee would, however, like to point out that since 1959, all the imported stock of mules have been procured from only one supplier. The Committee note in this connection from the information furnished in reply to a question answered in Lok Sabha on 16th April, 1969 that internal sources of supply also exist and that these are being utilised. The Committee hope that these would be progressively developed to meet all the requirements of the Defence Services.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The case, the Committee regret to observe, reveals a certain lack of advance planning and delay in initiating the work of procurement. If as stated by the Ministry, the normal period of acclimatization and training of horses was 1½ year, the Army Headquarters should have placed their demand for the horses required for units to be raised in December, 1963, much earlier than in November, 1962. Further, it was disclosed in the course of evidence that there was overcrowding in the depots which might have been responsible for the spread of the disease among the animals. This would indicate that suitable action was not taken by the authorities to augment the capacity of depots for the horses even after placing orders for their procurement.

[S. No. 24, Appendix VII (Para 3.8) of the 51st Report of the Public Accounts Committee (1965-66) (Third Lok Sabha).]

Action taken

Consequent to the Chinese aggression in October 1962, orders were issued on the 6th November 1962, for raising a number of new units authorised to hold animals. The new units were scheduled to be raised by 31-12-1963/31-3-1964. Immediate action was taken for the procurement of animals for the units which were to be newly raised and the contract for the purchase of horses from Poland was signed on the 14th November 1962. This was a sudden and unexpected requirement and no advance planning was possible. There was no delay in initiating action for the procurement of animals after the decision was taken for raising of new units requiring animals.

2. In order to avoid overcrowding in the then existing Remount Depots, the following action was taken :

- (a) In June 1962, the capacity to hold animals at the Remount Training School and Depot, Saharanpur, was increased from 2,000 to 3,500 animals.
- (b) To meet the additional requirements, sanction was issued on the 29th December 1962 for raising of new Depots, as indicated below :
 - (i) Two Remount Training Schools and Depots identical to the Saharanpur Depot.
 - (ii) Two Remount Depots authorised to hold 2,000 animals each.
 - (iii) One Remount Depot to hold 1,500 animals.

3. Since fresh green fodder is an essential requirement of a Remount Depot, large areas of cultivable land were needed for setting up these new depots. In spite of vigorous efforts, no suitable land could be found for

establishing the new Depots before the arrival of animals from abroad. (A new Remount Depot with a capacity to hold 3,500 animals has been opened at Hempur in Uttar Pradesh w.e.f. 1st March 1966).

4. Some other measures were also taken to reduce congestion. These were—

- (i) In December 1962, a Cavalry Regiment was converted into a Training Unit and Remount horses were sent to that Unit for holding and training. This arrangement facilitated quicker turn-over of trained horses for issue to Units and relieved congestion in the Remount Depots.
- (ii) In June 1963, two Artillery Training Teams were attached, one each to the Depots at Saharanpur and Ahmednagar. This helped a great deal in training mules quickly for issue to Units and thereby lessening congestion in the Depots.
- (iii) Some animals were moved from Saharanpur to Babugarh where paddocks were constructed to house them and holding of animals at the Remount Depot, Ahmednagar, was also increased.

5. It will be seen from the facts stated above that though advance action was taken for establishing new depots, these could not be set up in time due to the difficulty in getting large areas of land required for the purpose at suitable locations. The capacity of the existing depot at Saharanpur was, however, increased well in time and other steps were also taken to relieve congestion.

[Ministry of Defence O.M. 11(3)/66/D(Budget) dated 21-9-68.]

CHAPTER III
RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF
GOVERNMENT

Recommendations

1. From the evidence it is clear that the contractor had defaulted in supplies on some occasions and that even at the time of negotiations (July, 1963) such defaults were continuing. The Committee are not satisfied that the conclusions of the Ministry that the performance of the supplier was satisfactory was fully justified.

2. The Committee are surprised how the Italian supplier was considered to be "more experienced and reliable" in 1959 when the Ministry of Defence were dealing with him for the first time.

3. The Committee fail to understand why even enquiries were not made and negotiations carried out with the Spanish firm, whose rates were the cheapest. They feel concerned to find from a note that certain relaxations in specifications had been agreed to in the case of the Italian supplier in respect of contracts concluded in 1962 and 1963. This indicates that the two firms were not uniformly treated.

The Committee are further constrained to observe that :—

- (a) There was no proper open tender system followed.
- (b) The system of negotiations was not based on any rational system but arbitrary rule of thumb.
- (c) The requirements seem to have been relaxed in the case of the Italian supplier while in other cases the tenders have been rejected on the ground that no such relaxation was possible, and
- (d) While both C.I.F. and F.O.B. prices were invited, only C.I.F. prices were considered and F.O.B. prices completely ignored even for evaluating the quotation.

4. The Committee feel that the quotation and the rate furnished by the Ministry do not dispute the obligation under the F.O.B. terms of the supplier to load the Cargo on ships.

5. The Committee are of the opinion that having called for F.O.B. and C.I.F. quotations, Government was bound to consider and compare both the rates before selecting a firm. They are amazed at the explanation that Government was not in a position to organise collection, maintenance and shipment of animals at the ports particularly when these were the express responsibility of the supplier under the F.O.B. terms. The full implications of the 'F.O.B.' terms were not obviously appreciated by the officers concerned. It is unfortunate, that F.O.B. quotations were completely ignored and not taken into account even with a view to examining the reasonableness or otherwise of the C.I.F. rates offered. This precaution was all the more necessary in the year 1962-63 since only C.I.F. quotation was received from the Italian party.

6. The facts disclosed in the preceding paragraphs clearly establish that at no time the rates offered by the Italian supplier were the cheapest as claimed by the Ministry of Defence in justification of their awarding contract to him in 1963.

7. The Committee are surprised to learn that the item in question *viz.*, Mules, was not included in the shopping list for U.S.A., U.K., U.S.S.R., France, Canada and West Germany.

8. (i) The Committee are not convinced by this explanation. The above facts disclose that the long term requirement of mules was continuously being assessed and discussed. They do not establish special urgency. The requirement was also reduced from 4,492 to 1,664. Even so no concrete steps were taken to procure these animals. Had the matter been initially considered of special urgency the Ministry of Defence would have been more prompt and initiated action for purchase with greater speed. The urgency was of a general nature. In any case there is nothing at all to indicate any increase in that urgency between 22nd June, when the Embassies were addressed and 14th of July, when telegram was sent to the Embassies.

(ii) The Committee cannot help the feeling that in negotiating this deal the officials of the Ministry were more anxious not to lose the Italian Supplier's offer than to meet the requirements of the Defence Services. Having addressed the Indian Missions abroad, the only proper course to follow would have been to await the replies by the due date, *viz.* 31st July, 1963. There was no urgency to justify hasty negotiation with the Italian Supplier, when even the total requirement of animals had not been finalised. The undue haste shown by the officials of the Ministry in this matter and the manner in which they readily allowed themselves to be hustled into this deal are apt to create an impression that the whole affair was weighed in favour of the Italian deal hampering all other enquiries and to create a situation in which only the Italian Supplier's offer could be accepted.

(iii) The Committee are also surprised to note that on 14th July, 1963, (which was a Sunday) a telegram was sent to the Indian Embassies calling for reply within 4 days when in their circular letter, dated 22nd June, 1963, the Ministry of Defence had asked for the necessary information till 31st July, 1963. The Committee feel that by issuing this telegram on 14th July, 1963 and asking for the reply within 4 days, the Government was deprived of the information which they would have received by the end of July, 1963, as originally stipulated.

9. The Committee further find that in the circular letter of 22nd June, 1963, the date of delivery was mentioned as May, 1964. Later on when the contract was entered into with the Italian supplier the date of delivery was extended upto December, 1964. By this process the supply was not obtained earlier either.

10. The Committee regret to observe that even though no contract was finalised with the Italian supplier till September, 1963, the Ministry of Defence did not consider it worthwhile to obtain information regarding world market prices from the various Embassies. They did not even pursue the matter with the Indian Embassy in Washington and the High Commission, London, who had indicated that more time was required to collect this information.

11. The Committee are not convinced by this explanation. Since in their letter dated 22nd June, 1963, addressed to the Embassies the Ministry had not specified even their approximate requirements but had only desired that the offer should not be for less than 250 animals it is not understood how they could expect the Argentine firm to quote for their total requirements from the very beginning. It was only on 26th July, 1963, for the first time that the Ministry had given the Embassy in inkling of their total requirements and on the 1st August, 1963, they were informed that not only were the firm in a position to supply a good number of animals immediately, generally in accordance with the terms and conditions and specification of animals set out by the Government of India, but with proper spacing were also in a position to meet the full requirements. In view of this communication from the Indian Embassy the plea taken by the Ministry that the firm had not given the guarantee that they would be in a position to supply the balance of the requirements is not convincing.

12. The Sub-Committee are of the opinion that there was no scope for entertaining any doubts about the offer of £85 per animal from the Argentine firm and for treating it as "unworkable" and "unrealistic", because :

- (a) the offer was made by an experienced businessman;
- (b) the firm's reliability was confirmed by the Indian Embassy.
- (c) it was confirmed that there was no mistake about the quotations, and
- (d) the firm was prepared to accept the penalty clause.

13. In response to earlier enquiries, the firm had quoted f.o.b. rates as low as £85 per animal. Thus there was a margin of £50 per animal for freight etc. in the offer of the firm. In the first place the Ministry of Transport in their reply had stated that in the absence of knowledge of the local circumstances and other factors it was not possible to make a firm statement whether the freight quoted was workable and genuine or not.

Secondly the Sub-Committee observe that against the contract for the year 1961-62, the Italian supplier had himself quoted f.o.b. and c.i.f. rates at £94 and £141 respectively leaving a margin of £47 only for freight etc.

Finally in their telegram, dated 24th July, 1963, the Indian Embassy, Argentina had informed the Ministry of Defence that the firm was able to arrange a thousand capacity ship thus cutting their shipping cost.

14. It is also surprising that when the party gave low quotations, it was considered unreliable, but when it increased the quotations with full justification, it was considered to be an additional reason of unreliability.

15. The Committee feel that had the above factors been properly assessed by the Ministry of Defence they could not have summarily rejected the lower offer as they had done in this case. Even if the Ministry had any doubts they could have at least placed an "educational" order for a smaller number of animals as admitted by the representative of the Ministry. Since the firm had agreed to sign a penalty clause no risk was involved and in the event of a default Government could have recovered suitable damages. It is most unfortunate that the Ministry at the time of placing the order with the Italian firm did not make proper calculation of the freight rates etc. and in the result suffered a huge loss.

16. The Committee are constrained to observe that very unusual condition was accepted by the Ministry without proper justification. In the course of evidence, the Additional Secretary tried to justify his stand by saying that it was not abnormal for any supplier to impose such conditions but when asked to substantiate his statement he could not quote even a single instance.

17. The Committee are also unable to appreciate how a condition put forth by one party could determine the merits of the offer of the Argentine firm. Apart from the desirability and justification for agreeing to such a condition from the supplier, the fact remained that until a contract was signed with the Italian supplier this condition had no meaning. This only indicates that the authorities had already made up their mind to place an order with the Italian supplier.

18. The Committee deprecate the manner in which the report of the technical officer was interpreted and conclusions drawn, which were not quite correct. In this connection the extracts given in this Report from the report of the technical officer are self-explanatory.

Further in their letter, dated 23rd July, 1963, the Indian Embassy in Argentina had stated that Argentina had good potential resources to meet the entire requirements of Defence.

The firm also in their letter, dated 19th July, 1963, had informed that there were enough mules in the country to meet the requirements for 1963-64. The Committee are, therefore, surprised how in the face of this evidence with them the Ministry concluded that not many mules were available in Argentina.

19. If Government was not successful in procuring animals from Cyprus, this was not an adequate reason for them not to follow the normal procedure of purchasing through tender system much less, to reject an attractive offer of the Argentine firm which was even prepared to accept the penalty clause.

20. The Committee regret to observe that a good will gesture from a friendly country was not properly pursued by the Ministry of Defence. In addition to the free gift of 200 mules the country had also offered to supply mountaineering equipment free of cost. It is unfortunate that the Ministry of Defence took more than two months to reply to the Communication from the Ministry of External Affairs in this regard and that the reply was sent only after a decision had been taken to place the contract with the Italian supplier, which included a condition precluding Government from purchasing animals from elsewhere during the currency of the contract.

21. The Committee are astonished to find how such an interpretation could be given to the telegram received from Indian Embassy in Rome, which in turn asked for "instructions". This further strengthens the impression gained by the Committee that the officials dealing with this case were eager to conclude the contract with the Italian supplier.

22. The Committee do not approve of this practice of showing leniency in the matter of imposition of penalties. Such an attitude will reduce the penalty clauses of contracts to a mere formality. The Sub-Committee are of the view that in cases of delays in fulfilment of contracts, where time is stated to be of the essence of the contract, penalty clause should be enforced more strictly. They desire that the question of levy liquidated damage

may be examined *de novo* in consultation with the D.G.S. & D. and the Ministry of Law in case of contracts where time is of the essence of contracts keeping in view the Committee's Observations.

23. From the foregoing facts the Committee find that contracts to the extent of Rs. 3.34 crores were awarded to the Italian supplier from 1959 onwards. The Sub-Committee also note that ever since Italian supplier came on the scene in 1959 all the contracts for the purchase of mules from abroad seem to have gone to him only. On no occasion the rates offered by him were the cheapest; still through negotiations etc. contracts were awarded to him. In the case of the contract placed in September, 1963, the Sub-Committee have commented upon the following unsatisfactory features in this Report.

- (i) Having addressed the foreign missions in the matter, the Ministry of Defence did not wait for their replies but negotiated with the supplier on the pretext that his performance against the earlier contracts had been satisfactory and that his rates were the cheapest in the past. These contentions were, however, not borne out in evidence.
- (ii) Even though no special urgency was shown till 8th July, 1963, upto which date even the requirements for animals had not been finalised, the whole matter gained momentum soon after negotiations were held with the supplier. An urgent telegram calling for information within 4 days was sent to the Indian Missions abroad on 14th July, 1963, which happened to be a Sunday.
- (iii) The officials of the Ministry agreed to the inclusion of an unusual clause in the contract which precluded Government from purchasing animals from elsewhere.
- (iv) An offer from a firm, whose reliability had been confirmed was rejected without proper examination of the freight rates, availability of animals in Argentina etc. A wrong interpretation was given to the report of the technical officer and other communications from the Indian Embassy confirming the genuineness of the offer were ignored.
- (v) In their anxiety to finalise the contract, more was read in the communication from the Indian Embassy, than what it contained.

The Sub-Committee cannot help the impression that the officers dealing with this case were hustled in the contract and did not adequately safeguard the financial interest of the exchequer. They desire that this case should be investigated in detail by an independent high powered committee.

[Sl. Nos. 1 to 23 of Appendix VIII to Fifty-First Report of Public Accounts Committee 1965-66 (Third Lok Sabha)]

Action taken

As desired by the Public Accounts Committee, a Committee was constituted by the Minister of Defence with the Cabinet Secretary as chairman and two other Secretaries of Government as members to investigate into the case. The Committee has examined the case with reference to all the observations made by the Public Accounts Committee, except recommendation 22 relating to levy of liquidated damages, and submitted a report. A copy

of the report is enclosed. The conclusions of the committee are contained in chapter VII of the report. The committee has come to the final conclusion *vide* para 8.2, Chapter VII of the report, that in the circumstances prevailing in 1963 soon after the Chinese aggression, the aim of the Ministry was to obtain supplies from an assured source rather than take risks with the security of the country and the Defence Ministry, therefore, did not have any alternative but to finalise the contract with the Italian supplier as this was the only reliable source available to them. Government agree with the conclusions of the committee.

Recommendation 22 relating to levy of liquidated damages is being examined and the action taken thereon will be reported to the committee as early as possible.

[Ministry of Defence, O.M. No. 11(3)/66/D (Budget), dt. 1-9-67]

Further reply dated 29-3-1968 to recommendation at S. No. 22

As desired by the Public Accounts Committee the question of levy of liquidated damages for delay non-supply of animals has been discussed with the Ministry of Law, Department of Supply, DGS&D, the Army Purchase Organisation and the Ministry of Finance (Defence). It has been agreed that—

- (a) in cases pertaining to the import of animals from abroad, it is desirable to provide a clause for liquidated damages since the contract is not one of ordinary commercial nature and the ascertainment of damages in the ordinary manner for breach of the contract would not be easy;
- (b) liquidated damages at the rate of 2 per cent for delay of every month or part thereof could be considered as a reasonable pre-estimate of damages, specially when under the terms of the contract delayed supplies up to 3 per cent in the case of a large number of animals, say over two hundred, are excepted;
- (c) full recovery of liquidated damages according to the agreed scale provided in the contract should ordinarily be made from the supplier, and the party left to seek relief, if any, from a Court of Law or Arbitrator, as the case may be;
- (d) it has to be ensured that where time is the essence of the contract, undue delay does not take place in arranging procurement of animals from others in the event of appreciable delay in the supply of animals or non-supply of animals by the contractor; and
- (e) the question of levy of liquidated damages will not arise if the time for delivery is mutually extended without conditions.

2. The above decisions would apply only to the import of animals contracted for by the Ministry of Defence. So far as the supplies procured by the DGS&D are concerned, the recommendation of the PAC contained at S. No. 67 in their 68th Report is under examination by the Department of Supply who will undoubtedly report to the PAC the action taken.

[Min. of Defence O.M. No. 11(3)/66-D(Budget) dt. 5-4-1968]

Recommendation

The Sub-Committee are also not satisfied with the explanation for not placing an order on the lowest tenderer *viz.*, the Italian supplier when the difference between the rates was as high as 50 per cent. Since the Italian Supplier was considered to be an experienced and reliable party, who had been supplying animals since 1959, the Sub-Committee do not understand why cheaper rates offered by him were not availed of simply because his hands were full with other orders.

[S. No. 25, Appendix VIII, (Para 3.9) of the 51st Report of the Public Accounts Committee (1965-66) (Third Lok Sabha)]

Action taken

The considerations which weighed with the Government in deciding to purchase 1,000 horses from Poland at a price of Rs. 2,455 each were the following :—

- (i) Our requirements of animals being large, it would not be safe to place all our demands on one source.
- (ii) At the time of placing the demand for horses on the Polish authorities, our effort was to obtain stores and equipment from friendly countries who would be prepared to accept deferred or easy payment terms. Such arrangements were not possible with the Italian supplier.
- (iii) Payment was to be made to the Polish suppliers in non-convertible Indian Rupees under the terms of the Indo-Polish Trade Agreement. This meant saving of free foreign exchange expenditure.
- (iv) Polish horses take less time for acclimatization and training than horses procured by the Italian Supplier from Argentina.

2. The Polish suppliers were also reliable like the Italian supplier and they had supplied horses previously according to our requirements.

3. As already stated in para 3 of the note at Appendix VII of the 51st Report of the PAC (1965-66), as a result of the review made in December 1962, the demand for horses was reduced from 3,491 to 1,205. In view of this development and the urgent need to obtain a larger number of MA Mules to equip our Mountain Divisions, the order for supply of 315 saddle horses placed on the Italian supplier on 10-11-1962 was changed and he was asked to supply instead 272 MA Mules. By this arrangement, Government saved infructuous expenditure which would have been incurred in the purchase of horses contracted for with the Italian supplier which were not required due to the reduction in our demand.

[Min. of Defence O.M. No. 11(3) '66/D(Budget) dt. 21-9-1968]

CHAPTER IV

**RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE
NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH
REQUIRE REITERATION**

—NIL—

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

—NIL—

II

REPORT ON ACTION TAKEN ON 19TH REPORT (FOURTH LOK
SABHA)

CHAPTER I

REPORT

2.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 19th Report (Fourth Lok Sabha) on Appropriation Accounts (Defence Services), 1965-66 and Audit Report (Defence Services), 1967 which was presented to the House on 8th March, 1968.

2.2. The action taken notes/statements on the recommendations of the Committee contained in this Report have been categorised under the following heads :—

- (i) *Recommendations/observations that have been accepted by Government :*
S. Nos. 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 15, 16, 19, 20, 22, 23, 24 (Paras 2.121 & 2.122), 25.
- (ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies by Government :*
S. No. 18.
- (iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration :*
S. Nos. 11, 14, 17.
- (iv) *Recommendations/observations in respect of which Government have furnished interim replies :*
S. Nos. 3, 13, 21, 24 (Para 2.123).

2.3. The Committee will now deal with action taken on some of the recommendations.

Delay in grant of pensions—Paragraphs 1.81-1.84 (S. No. 8).

2.4. In paragraphs 1.81 to 1.84, the Committee made the following observations regarding delay in grant of pensions :

“1.81 : The Committee are greatly disturbed to find from the Audit para that, in spite of the instructions of Government that the pension papers of an employee should be sent to the Controller of Defence Accounts (Pensions) one year before the date of superannuation, out of 1,518 pension claims of civilian employees received during 1965-66, 1,178 were received after the employees had retired, 805 (53 per cent) upto one year, 232 (15 per cent) between 1 to 3 years, and 141 (9 per cent) more than 3 years after retirement.”

“1.82 : In the case of employees dying in harness, while the pension papers are required to be sent to the Controller as soon as possible after the event, out of 2,625 pension claims received during 1965-66, 489 (18 per cent) were received between 6 to 12 months 958 (37 per cent) between 1 to 3 years and 493 (19 per cent) more than 3 years after the death of employees.”

“1.83 : The Committee note that two of the main reasons for delay in submitting pension papers to accounts authorities in time are the

absence of entries regarding qualifying service in the service documents and delay in the receipt of 'No demand Certificate'. The Committee note that Government propose to take a number of measures to eliminate delay on these counts by prescribing that, during the last three years of an individual's service, a concurrent record of the pay and other requisite particulars should be maintained by the Paying Controller and that all the authorities concerned should be asked to take steps to settle at least one year in advance all past arrears to facilitate the issue of 'No Demand Certificate' and to prescribe an overall time limit after which it would be held that there was no claim outstanding against the Government servant."

"1.84 : The Committee hope that Government will take an early decision on these proposals so that pension cases are processed with the utmost expedition to obviate needless hardship to Government servants who have retired after rendering long years of faithful service.

2.5. In their reply dated the 4th July, 1968, the Ministry of Defence stated :

"The recommendations of the Public Accounts Committee in paras 1.81, 1.82, 1.83 and 1.84 of their Nineteenth Report (Fourth Lok Sabha) mainly concern Defence civilians. A reply in this respect is being furnished separately by the Government."

2. "In so far as Commissioned officers and personnel below officer rank of the Defence Services are concerned, the rules and procedures to regulate the payment of pensions are constantly kept under review. This matter had also earlier come to the notice of the PAC *vide* Serial No. 27, Appendix to the Twenty-Sixth Report of the PAC (1963-64) (Third Lok Sabha). The measures taken to minimise delays in the settlement of pension claims were reported under this Ministry's note dated the 31st May, 1966."

3. In the case of Commissioned officers and personnel below officer rank of the Army and the Air Force, the verification of qualifying service and the rendering of 'No Demand Certificate' do not entail any delay. As regards the verification of qualifying service, the pay accounts of the Army officers are maintained by the Pay Controller himself, namely the Controller of Defence Accounts (Officers), Poona. In the case of JCOs and other ranks of the Army, qualifying service is verified with reference to the sheet rolls and not with reference to the pay records. The Record Offices have instructions to examine the cases of all personnel due to retire, one year before the date of retirement. In the case of the Air Force, the pay accounts of officers as well as airmen are maintained by the Air Force Central Accounts Office, New Delhi, and there is a Deputy Controller of Defence Accounts attached to it for local audit purposes. In the case of the Navy, however, the verification of the entire service records of officers and sailors is undertaken by the Controller of Defence Accounts (Navy) only at the time of retirement/discharge of the individual. Under this system some cases of verification of service are delayed. Government are examining ways and means of ensuring that the service records of Naval officers and sailors are verified periodically, as done in the Army and the Air Force."

4. The following further measures have been adopted to eliminate delays in settlement of pension cases :—

Commissioned Officers

- (i) It had been the practice previously that upon the retirement of an officer, the Controller of Defence Accounts (Pensions) asked the Pay Audit Controller to render a full pay certificate. This procedure has since been changed. The Pay Audit Controllers have been given instructions on 11th December, 1967 to furnish to the Controller of Defence Accounts (Pensions) the full pay certificate immediately after an officer's retirement, without waiting for a formal request to this effect from the latter.
- (ii) Formerly, for the grant of anticipatory pension, the officer had to submit a declaration to the Controller of Defence Accounts (Pensions) before the latter could sanction the anticipatory pension. The Controller of Defence Accounts (Pensions) now sanctions anticipatory pension without waiting for the declaration from the officer, which is obtained from him subsequently.
- (iii) Formerly, two different sanctions were issued by two different Sections of the Ministry of Defence in respect of disability element and the service element of disability pension. This procedure has now been changed with effect from 3rd January, 1968 and one composite sanction is issued for both the service and the disability element.
- (iv) Under the New Pension Scheme 1964, widows of officers are required to surrender two months' pay before they are granted the ordinary family pension. Government have decided that the widows contribution of two months' pay may be recovered in instalments from the ordinary family pension. Formal orders are being issued.
- (v) Anticipatory award of disability pension in the case of officers who are invalided from service with a disability assessed at 20% or above, which has been accepted as being due to service causes, is made even before the disability pension is formally sanctioned.
- (vi) Formerly sanction for payment of retiring gratuity was issued by the Ministry of Defence after obtaining the concurrence of the Ministry of Finance (Defence). Powers have since been delegated to the Ministry of Defence with effect from 29th November, 1967 to sanction retiring gratuity without reference to the Ministry of Finance (Defence).
- (vii) The existing orders enjoin upon Os.C. Units and the pay Audit Controllers respectively to furnish 'No Demand Certificate' and the L.P.C. without any delay. A comprehensive Army Order (copy enclosed) was issued on 16-3-1968 to ensure prompt settlement of accounts of officers due for retirement."

Personnel below officer rank

- (i) Formerly no family pension could be paid to widows of deceased personnel pending a decision on whether an individual's death

was due to service causes or not. Instructions were issued on 17th August 1965 that pending a decision on whether death was due to service causes, a provisional award equal to ordinary family pension may be made to widow.

- (ii) Instructions have been issued in February, 1968 by Army Headquarters to all Record Offices that to avoid prolonged correspondence on audit objections and consequent delay in the issue of L.P.Cs., all audit objections raised by Pay Audit Controllers during the final settlement of accounts, should be settled by personal contact at officer's level and outstanding points, if any should be submitted to competent authority for decision without delay.

5. The following further measures are being examined by the Government :—

- (a) To delegate powers to the Controller of Defence Accounts (Pensions) to sanction retiring pension as well as the disability and family pensionary awards (including adjudication of the entitlement aspect) in the case of officers.
- (b) To award provisional pension in the case of deceased personnel below officer rank where the widow, though not nominated for special family pension, is alive and eligible for ordinary family pension.
- (c) Periodical verification of service records of Naval officers and sailors (also see para 3 above).

6. Constant watch is being kept to ensure that pension cases are disposed of expeditiously.”

2.6. In the reply dated the 29th November, 1968, the Ministry have stated the latest position in regard to the measures referred to para 5 above :

- (a) Necessary orders for delegation of powers to C.D.A. (Pensions) to sanction certain categories of pension were issued on 2-11-1968 (copy enclosed).
- (b) The proposal for grant of ordinary family pension on provisional basis is under examination. The scheme for grant of ordinary family pension in the services was adopted on the basis of the scheme adopted on the civil side, where grant of this pension was introduced by the Government as a measure of social security. It is distinguishable in terms of quantum as well as in conditions of grant from the special family pensionary awards where death of the service personnel is attributable to service factors. Investigations are being made in a number of delayed cases to find out the causes responsible for the delays in finalisation. As soon as the investigations are completed, the question of award of provisional pension will be examined for adoption on the Civil as well as on the Defence side.
- (c) The matter is under examination.

2.7. The Committee hope that as a result of various measures taken by Government, finalisation of pension cases of Defence personnel will be

expedited finalised. The endeavour of Government should be to ensure that an employee gets his pension as soon as it falls due for payment after retirement.

2.8. The Committee note that while in the case of officers and personnel of the Army and Air Force, there is a system of periodical verification of service records, in the case of Navy the verification of the entire service records of the officers and sailors is undertaken by the Controller of Defence Accounts (Navy) only at the time of the retirement/discharge of the individual. This cannot be considered a satisfactory arrangement and it is bound to delay finalisation of cases. The Committee desire that a suitable procedure should be devised immediately to ensure that service records of Naval officers and sailors are verified periodically so that the delay in grant of pensionary benefits to them is eliminated.

2.9. In regard to the pension claims of civilian employees in Defence Services, the Ministry of Defence in their reply dated the 28th July, 1968 have stated :

The final views of this Ministry on the summary of main conclusions/recommendations made by the Public Accounts Committee (1967-68), Nineteenth Report, Fourth Lok Sabha, in so far as civilians paid from Defence Services Estimates are concerned, is as under :—

The Committee have stated that they are greatly disturbed to find from the Audit para No. 46 of the Audit Report (Defence Services) 1967 that in spite of the instructions, that the pension papers of an employee should be sent one year in advance to the Controller of Defence Accounts (Pensions), these were being sent long after the individual's had retired. In this connection it is stated that in accordance with the existing procedure laid down in Article 907 of the Civil Service Regulations, every officer has to submit his application for pension one year in advance of the date of retirement, to his Head of Office. The Head of the Office is required to send the application, complete with all other documents, to the Controller of Defence Accounts (Pensions), one month in advance of the date of retirement. A proposal to enhance the time limit for submission of pension documents by the administrative authority to the C.D.A. (P), from one to three or more months was considered. It has been decided on 8-5-1968 to enhance the period to two months, before the date of retirement of the employee, for sanctioning anticipatory award. After sanctioning anticipatory award, the C.D.A. (P) will return the Service Book to the Head of Office intimating to him the information/documents which are necessary for finalisation of pension case and these will be furnished to the C.D.A. (P) expeditiously. In the case of death of the individual, the pension papers duly completed will be sent to the C.D.A. (P) as soon as possible after the event.

A proposal to advance the time limit for submission of formal application by an employee to 18 months or more, before the actual date of retirement of the employee, was also considered. It was felt that it was not essential to increase the period to 18 months. If the administrative and accounts authorities deal with the papers with reasonable speed, the process of sanctioning pension can be completed well within the present period of 12 months. The existing orders prescribing twelve months for application by an employee are based on the orders issued on the civil side, and

the practice on the Defence side should be the same. It may also be mentioned that as the pensionary benefits are to be determined after verifying the whole service and the rates of pay drawn up to the date of retirement of an individual, the Head of Office will not be able to submit a claim to the C.D.A. (P) one year in advance of the date of retirement.

The Committee has indicated in the Report two main reasons for delay :—

- (a) Absence of entries regarding qualifying service in the service documents.
- (b) Delay in receipt of 'No Demand Certificate'.

The orders regarding avoiding delay in the finalisation of pension cases, which are pending for want of entries regarding qualifying service, have been issued vide C.P.R.O. No. 68 of 1968 (copy enclosed). According to these orders if individual's certificate of verification has not been recorded for want of service documents, and the individual is also unable to furnish evidence in support of relevant details, he will state the position and give evidence to this effect to the C.D.A. (P). The Defence Accounts authorities will examine the statement and if satisfied, will admit the period of service as having been rendered and the pension will be calculated accordingly. Orders have also been issued on 5-6-1968 (Annexure) that the particulars of pay, etc. will be maintained by the Pay Audit Offices of the Defence Accounts Department on a running sheet for the last three years. The last paying officer, who finalizes the pay accounts of the individual will then forward the sheet to the C.D.A. (P), Allahabad. This sheet would readily provide an up-to-date record of pay for the last three years and would enable the C.D.A. (P) to finalize the pension/gratuity claims quickly.

As regards avoidance of delay in the receipt of 'No Demand Certificate', necessary orders have been reiterated in January, 1968. According to these orders, if no claim is made against a Government servant within 6 months after his retirement, it will be presumed that there is no demand outstanding against him. To avoid delay in the issue of 'No Demand Certificate' by the Directorate of Estates, it has been provided that the application for the issue of such a certificate will be sent to the Directorate of Estates, one year before the date of retirement.

The instructions regarding submissions of claims are consolidated in the pamphlet entitled "PENSION PROCEDURE FOR RENDITION OF CLAIMS IN RESPECT OF CIVILIANS PAID FROM DEFENCE SERVICES ESTIMATES" issued in 1967. If these are duly followed by all concerned, the cases of delay in submission of pension papers are likely to come down considerably.

The Defence Accounts authorities have also intimated that all the outstanding cases are kept under close scrutiny, and to finalise these cases a *Special Review Group* has been created by them to finalise the outstanding cases vigorously. There are at present only 177 cases outstanding up to year 1965-66, out of as many as 1798 cases reported in Audit para No. 46 (Defence Services) 1967. The Defence Accounts authorities have also stated that there is not a single case up to year 1965-66, in which anticipatory pension has not been sanctioned."

2.10. The Committee are glad to note that out of 1798 pension cases outstanding up to the year 1965-66, only 177 cases are yet to be finalised. The Committee desire that these hard cases should be finalised early.

2.11. The Committee also suggest that Government should analyse the reasons for delay in finalisation of pension cases, and take further necessary steps to ensure that pension is paid to the employee as soon as it falls due for payment after retirement or to his family immediately after the employee's death, but not later than three months.

Modernisation of the system of provisioning inventory control—Paragraphs 1.114-1.115 and 2.12 (S. Nos. 11 and 14)

2.12 While commenting upon cases of losses of stores involving an amount of Rs. 67.88 lakhs, the Committee made the following observations in Paragraphs 1.114 and 1.115, about the need to rationalise the system of inventory control.

"The Committee feel that the large number of cases of losses in stores mentioned above indicate the necessity of reviewing and modernising the system of ordering, maintaining and issuing of stocks."

"The Committee understand that the Ministry of Defence is introducing on an experimental basis, computerised inventory control in the Central Ordnance Depot, Delhi Cantt., and the Central Ordnance Depot, Jabalpur, and that they would consider its extension to other Ordnance Depots after the results of these experiments have been studied. The Committee expect the Ministry of Defence to take suitable measures in the light of the results of the experiments being carried out by them in the introduction of modern methods of inventory control, so as to effect rationalisation, achieve economy consistent with security and obviate losses.

2.13 Referring to a case of over-provisioning of assemblies for a certain tank costing Rs. 2.05 lakhs, the Committee made the following observation in paragraph 2.12 :

"The Committee regret to note that the requirements of the assemblies of two parts in this case were over-estimated with the result that 185 out of the 230 units ordered are surplus. The Committee feel that the requirements of spare parts should be worked out on the basis of need and experience of particular equipment under Indian conditions and not on a theoretical basis. In this connection, they would also like to invite the attention of Government to para 2.15 and paras 2.34 to 2.37 of their 15th Report (Fourth Lok Sabha) where similar cases of over-provisioning in the Air Force had been commented on. The Committee stress that the Ministry of Defence should take suitable steps to rationalise and modernise their system of inventory control to avoid the recurrence of such cases."

2.14 In their reply dated the 7th August, 1968, in respect of the observation made in para 2.12, the Ministry of Defence stated :

"The system of provisioning overhaul requirements in the Army has been changed with effect from 1st January, 1966. According to the revised procedure, the provisioning is done by the Central Ordnance Depots themselves based on actual issues to Ordnance Store sections (for Electrical and Mechanical Engineering repairs) and modification factor related to

No. of equipment overhauled/No. of equipment to be overhauled. In cases, however, where past issues are nil or negligible, the provisioning is based on overhaul scales assessed by the Electrical and Mechanical Engineers specifically for each equipment under Indian conditions."

"In order to rationalise and modernise the system of inventory control in the Defence Services, sanction has been accorded by the Government on 22nd May, 1968 (copy enclosed) for carrying out a Pilot Project Study on inventory control in the Central Ordnance Depot, Delhi Cantt. based on Electronic Data Processing System. The extension of the computerised inventory control in other Ordnance Depots in the Army and in the other Services would be considered after results of the Pilot Project Study at Central Ordnance Depot Delhi Cantt. are known.

2.15 In their reply dated the 26th October, 1968, in respect of paragraphs 1.114 and 1.115, the Ministry of Defence stated :

"The existing system of ordering, maintaining and issuing of stocks in the various Defence Establishments has been reviewed. As a result several steps have been taken towards modernisation of the system of inventory control suitable to the Branch/Undertaking, at the present stage. For instance, a system of maintaining dues in progress cards and Store Section Ledger Cards in the Kardex Cabinets has been introduced in the office of the Director General Armed Forces Medical Services and Armed Forces Medical Stores Depots for maintaining data in connection with the provisioning and supplying of medical stores and equipment. In the IAF provisioning system was recently reviewed and various measures to streamline the system have been adopted as per Annexure I to this note. The operation and accounting procedure of other Army/Navy Depots and Establishments is being reviewed separately and the observations of the PAC will be taken into consideration before adopting a revised procedure."

"The proposal to introduce computerised control in the Central Ordnance Depot, Delhi Cantt. as an experimental measures, has been accepted in principle by the Government and the position has already been intimated to the PAC in this Ministry's note No. 12(2)/68/D(O-I), dated 7-8-1968 on recommendation at serial No. 14 of Appendix III to 19th Report (Fourth Lok Sabha) forwarded under Ministry of Defence Office Memorandum No. F. 11(2)/68/D(Budget), dated the 12th August, 1968. The question of introducing this system in other Defence Establishments will be examined after the receipt of trial reports from COD Delhi Cantt."

"Meanwhile, a computer has also been installed at the Office of the DGOF, Calcutta, in order to introduce an integrated Material Planning System. This system is at various stages of introduction at 13 of the Ordnance Factories as also Heavy Vehicles Factory and it will be extended to other factories in course of time."

2.16 In their reply dated the 19th December, 1968, the Ministry of Defence further stated :

"With reference to para 2 of the Defence Ministry's note No. 12(2)/68/D(O.I) dated 7th August, 1968, forwarded to the Lok Sabha Secretariat under Ministry of Defence O. M. No. F. 11(2)/68/D(Budget) dated 12-8-1968 in connection with the recommendations made by the Public Accounts Committee at S. No. 14 in Appendix II to

their 19th Report (Fourth Lok Sabha), further developments of the case are indicated in the subsequent paragraphs."

Equipment

"Technical scrutiny of the offers received from the the trade for the equipment for carrying out a Pilot Project Study on inventory control in the Central Ordnance Depot, Delhi Cantt, based on Electronic Data Processing System has been completed by a Technical Board of Officers. Based on the recommendations made by the Board, Central Ordnance Depot, Delhi Cantt, have placed on 27th November, 1968 an order on M/s. International Computers (India) Private Limited, New Delhi for the hiring of the requisite equipment."

Staff

"Recruitment rules in respect of Key Punching Operators and Verifiers have been approved by Government. As regards Programme Assistants, recruitment rules are under examination by the UPSC."

Accommodation

"Firm estimates for the construction of the required accommodation are being finalised by the MES authorities on an immediate basis."

System Analysis

"The first phase of system analysis has already been taken in hand by the Army authorities."

2.17. In a further reply dated the 25th January, 1969, the Ministry of Defence stated :

- (i) On the Navy side, rationalisation centres round the question of computerisation which will be considered on reviewing the results of the experiments of COD, Delhi Cantt. While this would apply equally on the Army side especially in the Engineers stores depots, other methods of revising the accounting procedure in the Engineer depots are also under consideration of the Government.
- (ii) The latest position regarding introduction of the computerised system in COD, Delhi Cantt, was intimated to the PAC in the note submitted to them with this Ministry's O.M. No. 11(2)/68/D (Budget), dated the 23rd December, 1968, addressed to the Lok Sabha Secretariat.

2.18. The Committee hope that the work on the pilot project study on inventory control in the Central Ordnance Depot, Delhi Cantt, will be speeded up. In the light of the results of the pilot study, Government may also consider the extension of the systems to other Defence Depots in the interests of rationalisation and economy through modern techniques of provisioning and stores control.

Replacement of Semi-commercial Vehicles and disposal of M.T. Spares—Paragraphs 2.40—2.42 (S. Nos. 17)

2.19. With a view to providing Armed Forces with an operationally fit and reliable fleet of vehicles in 1963-64, Government drew up a phased programme for replacement of old vehicles which had completed a certain

mileage or number of years in service. The Committee made the following observations in paragraphs 2.40—2.42 :

The Committee observe from Government's reply that there was a discrepancy in the number of jeeps programmed to be discarded on the basis of the age formula even assuming that they had completed the prescribed mileage by that time, in as much as the number of jeeps of 1961 vintage and earlier was no more than 8706 against the contemplated disposal of 10,270 jeeps by 30th September, 1966. The Committee are unable to appreciate how such a gross mistake could occur in preparing an important programme of disposals and replacement and desire that responsibility for it should be fixed. The Committee need hardly add that suitable measures should be taken to ensure that the programme for disposals is prepared with the utmost care on the basis of factual data.

The Committee note that, as a result of measures recently taken, 23,985 vehicles out of 28,060 vehicles discarded upto September, 1966 had been disposed of. According to the discard programme similar number of vehicles will soon come up for disposal. In view of the large number of vehicles declared for disposal, the Committee expect Government to ensure that the disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government. The Committee stress the importance of taking early action to dispose of M.T. Spares worth Rs. 15 crores which were awaiting disposal on 31st July, 1967.

According to the new discard policy, 1-tonner, GS 3-tonner, jeeps and motor-cycles will be discarded after a specified number of years irrespective of the mileage performed. It is possible that an appreciable number of vehicles, particularly those kept in reserve, may not have done enough mileage. The Committee would, therefore, like Government to examine whether such vehicles should not be offered in the first instance to other Government departments and Public Undertakings before disposing them of through the D.G.S. & D.

2.20. In their reply dated the 23rd November, 1968, the Ministry of Defence stated :

"The first point mentioned in the aforesaid recommendation is that the proposal submitted to the E.C.C. in the matter of discard of jeeps estimated that the vehicles which are likely to become due for discard by 30th Sept., 1966 would be 10,270. The PAC has observed that there were only 8706 jeeps of 1961 vintage and earlier and accordingly only 8706 jeeps would have become entitled for disposal even if each of them had completed the prescribed mileage. The P.A.C. has accordingly observed that they are accordingly unable to appreciate how such a gross mistake could occur in preparing an important programme of disposals and replacement and desire that responsibility for the same should be fixed."

"The position has been ascertained from the Section which dealt with the matter at that time and the position is reported as follows :—

A paper on Provision Review for 5 Cwt 4 × 4 Jeep type vehicles was prepared in October, 1963, and placed before the Munitions Committee. The paper provided for replacement of a jeep on completion of five years of life or on completion of 30,000

miles or on reaching stage of complete overhaul/rebuild *whichever came earliest.*

"A statement was also annexed to the paper indicating the position of the then existing fleet, anticipated intake, discard, etc. It will be seen from the statement that vehicles of 1962 vintage and a portion of 1963 vintage had been included for discard before completion of 5 years of life."

The only obvious explanation for this is that these new vehicles which were mostly issued to Divisions facing the Chinese in border areas were expected to complete 30,000 miles or reach overhaul stage prior to normal life of 5 years in view of (i) the extensive use to which these vehicles were likely to be put and (ii) the hilly terrain would involve more than normal wear and tear. The inclusion of certain vehicles for discard before completing 5 years life appears to be intentional. Full details of vehicles and their age were available when the paper was drafted."

"The Munitions Committee, however, decided that apart from the discard at overhaul stage the other discard should be on completion of 5 years or 30,000 miles, whichever is later.

"The above decision was incorporated in a consolidated paper for E.C.C. covering both 3-ton vehicles and jeeps. The same annexure as in the paper which was put up to the E.C.C. This paper indicated the programme for provisioning of new vehicles and discarding of old vehicles. Perhaps the officers did not consider it necessary to modify the annexure taking into account the change in the proposals effected by the Munitions Committee and assumed that the majority of the vehicles issued to units facing Chinese would still qualify for discard before completing 5 years of life on account of their reaching overhaul stage due to usage in difficult terrain and they might not have considered it necessary to revise the figures of anticipated discard so as to exclude vehicles which would not have completed the prescribed life by the relevant dates. It is, however, pertinent to note that in the assessment incorporated in para 8 of the paper to the E.C.C. reads as under :

"8. . . . Reference to Annexure 'B' will show that of about 16,000 jeeps in service over 5,000 are more than 14 years old, as many as 8,000 were obtained in 1962 and 1963 and that it will be possible to discard all pre-1948 vehicles before March, 1964 and all 48 to 51 models by September, 1964. Thus, by end of 1965 or beginning of 1966, the Army will have practically its entire fleet of 3-tonners and jeeps consisting of vehicles less than 5 years and majority of them only 2 to 4 years."

"It would also appear that the paper/proposals had been drafted and amended after personal discussions at various levels and it is not possible to pin point responsibility on any particular officer at this stage."

"The proposal/programme drawn up were only based on certain conditions then prevailing and estimate made. The fact that in actual practice the discard programme proposed could not materialise and that a revised discard policy was later evolved would show that cer-

tain conditions assumed did not materialise and that Government was alive to the need to base the policy on more realistic considerations."

"In the circumstances, it is felt that the question of "fixing responsibility" need not be pursued."

"The Public Accounts Committee have desired that suitable measure should be taken to ensure that the programme for disposals is prepared with the utmost care on the basis of factual data."

"The Ministry is in entire agreement with the observation and the utmost care is being taken in preparing the programme for disposals. It will, however, be appreciated that the provisioning programme is settled three to four years in advance of the desired delivery dates in the light of the demands/indents already placed and the discards likely to take place. The position is, however, reviewed from year to year with a view *inter alia* to make such modifications in the earlier demands/indents as may be necessary and possible. It will also be appreciated that the total requirement of vehicles may itself undergo a change in the light of the Composition Tables and the scale of entitlements. Further, while every care is taken to anticipate intelligently the likely discards in accordance with the discard policy, the actual discards may somewhat vary from what is anticipated. In spite of the various fluctuating factors, every effort is being made to safeguard against excess provisioning of vehicles."

"The Public Accounts Committee has observed that they expect Government to ensure that the disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government. The Committee has further stressed the importance of taking early action to dispose of the MT spares worth Rs. 15 crores which were awaiting disposal on 31st July, 1967."

"Government is in full agreement with the observations and recommendations made by the Public Accounts Committee. Every care is taken to ensure that the surplus spares in respect of the obsolescent and obsolete makes of vehicles are also declared to the DGS&D as soon as the vehicles in question are declared. As far as possible, the spares retained in respect of the obsolescent makes of vehicles are restricted only to the items likely to be required in respect of the vehicles of those makes still service. This is with a view to assist the purchasers of obsolescent and obsolete makes of vehicles to purchase and utilise the spare parts also if they so desire. The observation of the Committee that Government should ensure that the disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government has also been brought to the notice of the DGS&D who are responsible for taking the necessary action in the matter of disposal once the vehicles and the stores are declared to them."

"As regards the MT Spares, the comparative position as on 1st August, 1967 and on 1st July, 1968 is as follows :—

	<i>Rs. in lakhs</i>
(a) Book value of MT Spares awaiting disposal as on 1 Aug. 1967.	1705.85

(b) Book value of MT Spares declared between 1-8-67 to 30-6-68.	Rs. in lakhs 2236.94
(c) Book value of MT spares disposed of by DGS&D between 1-8-67 to 30-6-68.	1603.71
(d) Book value of MT Spares awaiting disposal by the DGS&D as on 1-7-68.	2339.08

"It will thus be observed that during the period from 1st August, 1967 till 30th June, 1968, MT Spares worth more than Rs. 16 crores have been disposed of by the DGS&D."

"The Committee has desired Government to examine whether vehicles declared to the DGS&D which have not done appreciable mileage on the date of discard are offered in the first instance to other Government Departments and various public sector undertakings before disposing them of through DGS&D."

"In the above connection, it may be mentioned that the DGS&D maintain a list of priority indentors who include the various Central Government Departments, the State Governments and various public undertakings. The DGS&D in turn consults the priority indentors who, in his opinion, are likely to be interested in the acquiring of the stores before putting up the stores to auction. However, the observations of the Committee have been forwarded to the Department of Supply for appropriate action."

2.21. In their further reply dated the 8th January, 1969, the Ministry of Defence stated :

The Department of Supply has been consulted and they have stated as follows :

"The bulk of the MT Spares are stocked at C.O.D. Dehu Road. These have accumulated there for want of bids of suitable prices. As on 31-7-68, the book value of M.T. Spares at Dehu Road was Rs. 2014.79 lakhs. An Inspection Team consisting of the representatives of the DGS&D and the Ministry of Defence visited Dehu Road in January, 1968, to streamline the procedure for the disposal of the stores. One of the suggestions made was that non-attractive or slow moving items be combined with attractive or fast moving items and sold as one lot in order to effect speedy disposal and obtain better realisations. The Director of Supplies and Disposals, Bombay, has advised that this experiment was tried and has proved a success. Accordingly, he is putting up M.T. Stores of a book value of Rs. 3 crores every month and selling stores of a book value of more than Rs. 1 crore. As the accumulation is heavy, it will take some time before the backlog is cleared, but every endeavour is being made to liquidate the stores as soon as possible. The question of obtaining the maximum value of disposal items is governed by the normal economic relation between supply and demand. When there is a very large quantity of spares available for disposal, the DGS&D find it difficult to obtain better prices. By spacing the auction programmes at longer intervals, it becomes possible to sustain the interest of the

prospective purchasers and to obtain a reasonable price. On the other hand, such a policy invariably delays the disposal of the surplus items."

"The reserve vehicles are issued from the Depots on the basis of 'first in first out'. The vehicles in reserve cannot accordingly, have occasion to remain in Depots unissued for a long time. Normally the vehicles kept as reserves are issued within a few months, and their places in reserve taken by the fresh arrivals."

"There would, however, be vehicles which become eligible for discard by completion of the maximum life although the prescribed mileage may not have been performed. The query whether such vehicles are offered in the first instance to priority parties is again a matter which concerns principally the Department of Supply and the DGS&D. Their remarks have been obtained and are produced here-inbelow :

"Although a list of priority indentors is maintained by the DGS&D, no prior reference is made to them for vehicles because the screening Board consisting of the Director (Disposals), C.L.O. (Defence), Dy. Director Coordination and the representative of Finance who screen all surplus reports do not consider it necessary to refer these to priority indentors as in their opinion these may not be of any interest to them because of their condition etc. A wide publicity is given to the disposal auction programmes. Government Departments and public undertakings can always approach the DGS&D with their demands before the proposed auction dates. Experience has shown that the offtake by Government Departments and public undertakings is very limited as compared to public demands. However, where an indenter selects a particular vehicle and places a demand on the Director General of Supplies, steps are taken to release the vehicle expeditiously and, if it is scheduled for auction, it is withdrawn."

2.22. The Committee note the measures taken to effect speedy disposal of M.T. Spares and obtain better realisations. Considering the large number of M.T. Spares declared surplus every year, the Committee desire that the procedure should be kept under review with a view to streamlining it further. The Committee note the difficulty of the Director General, Supplies and Disposal in obtaining better prices in auctions because of large quantity of spares available for disposal at the same station and the steps taken to bulk during auctions, the attractive and non-attractive items to secure better realisation. The Committee suggest that with a view to effecting speedy disposal of spares and obtaining better prices, Government may also examine the feasibility of their disposal in other important stations as well, where there may be greater demand for such spares, if such a course is likely to be of advantage taking all relevant factors including expenditure on freight and handling into account.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1. The Committee find from the Ministry's note that one of the most important reasons for the shortfall in capital outlay for the three Armed Services is a time-lag in the sanction of work at Government level. Another important reason for the shortfall is the non-receipt/non-payment of bills/debits of stores. The Committee would like Government to take suitable action to reduce the time-lag in the processing and sanction of projects as also to speed up the receipt and payment of stores so that debits are settled in time.

2. The Committee are glad to note that the net shortfall of expenditure incurred by the Defence Services in relation to the total amount authorised by Parliament in 1965-66 worked out to a percentage of only 0.1. The Committee, however, find that there continued to be wide variations between the actual expenditure and the budget estimates (original and supplementary provision) under some sub-heads in Grants Nos. 11, 12, 13 and 117. Under the sub-head 'Purchase of Material for Ordnance Factories in (i) India and (ii) abroad except in UK', there was a saving of Rs. 14.66 crores which worked out to 20 per cent of the total provision. In the case of 'Expenditure on procurement of Stores for Parks and Divisional stocks and their maintenance' and 'Expenditure on Major Works other than Capital Projects', the excess expenditure over the total provision was 88 per cent and 94 per cent respectively.

In the case of Grant No. 13, there was a saving of 18 per cent under the sub-head 'Expenditure on Airframes and engines except in UK', and 28 per cent on 'Expenditure on Aviation Stores in UK'. There was excess expenditure to the extent of 52 per cent as compared to the total provision under the sub-head 'Expenditure on Ordnance stores except in UK'.

In Grant No. 117—Capital Outlay, the excess expenditure was 96 per cent and 40 per cent respectively on the sub-heads 'Outlay on Industrial and other Organisations' and 'Plant and machinery for Factories'. The Committee agree that while there might be some unforeseen circumstances which upset the estimates of expenditure, wide variations ranging from (—) 29 per cent on the one side and (+) 96 per cent on the other indicate that the estimates could be more realistic and accurate. The Committee hope that the Ministry of Defence will devise suitable measures to ensure that there budget estimates are prepared with a greater degree of precision to avoid wide variations.

[Sr. 1 & 2 of the 19th Report (Fourth Lok Sabha)]

Action taken

Recommendation No. 1.

Necessary instructions regarding avoidance of delays in according Government sanction of works and early payment of bills and debits of stores

etc. have been issued under Ministry of Defence U.O. No. 11(5)/68/D (Budget), dated 8-4-1968 (copy enclosed).

Recommendation No. 2.

The recommendation of the Committee has been noted for guidance/compliance. The circumstances under which the savings and excess expenditure occurred under the various sub-heads and measures for ensuring greater precision in budget were already explained to the PAC by the representative of this Ministry while giving evidence in connection with paras 1 and 2 of Audit Report (Defence Services) 1967 and in notes on further information desired by the PAC in respect of para 2(a) of Audit Report (Defence Services) 1967. These notes were forwarded to the Lok Sabha Secretariat under Ministry of Defence Office Memorandum No. F.11(14)/67/D(Budget), dated the 1st December, 1967, Ministry of Defence U.O. No. F.4(6)/67/D(P/A), dated 24-11-1967 and Ministry of Defence Office Memorandum No. F.11(14)/67/D(Budget), dated 3-2-1968. The budget reviews which are conducted periodically, with reference to the instructions mentioned in para 2 of Ministry's note on Serial No. 1 of Appendix IX to the PAC's 48th Report (3rd Lok Sabha), have minimised variations at the final re-appropriation stage.

[Ministry of Defence No. F.11(5)/68 D(Budget), dated 10-10-1968]

MINISTRY OF DEFENCE

D(Budget)

SUBJECT :—*PUBLIC ACCOUNTS COMMITTEE—19th Report (4th Lok Sabha)—Recommendation No. 1 regarding Budgetary control.*

The Public Accounts Committee in their recommendation contained at Serial No. 1 of 19th Report (4th Lok Sabha) have observed that one of the most important reasons for the shortfall in Capital Outlay as compared to the Budget Provision for the three Armed Services is a time lag in the sanction of works at Government level. Another important reason for the shortfall in expenditure is the non-receipt/non-payment of bills/debits of stores. It is, therefore, requested that it may please be impressed upon all concerned that all works accepted for inclusion in the Budget Estimates should be processed expeditiously and the delays in according Government sanction should be avoided at all levels. Efforts should also be made by all concerned to ensure receipt and early payment of bills and debit of stores.

Sd/-

Deputy Secretary (B&P)

JS(Q)
JS(A)
JS(N)
DFA(Works)
DFA(Budget)

M. of D. U.O. No. 11(5)/68/D(Budget), dated 8-4-1968

Copy also to :—

D.S. (Works) D(W-I) D(W-II) D(O-II).
 D.S. (N) D(N-II) D(P/A)—10 Copies.
 D.S. (Air-I) (Air-II).
 Air Hqrs. (B. & C.)
 Naval Hqrs. (Budget)
 E-in-C's Branch (Coord.)
 QMG's Branch/QZW(Policy).

D.G.O.F.
 All Inter Services
 Organisations.

Recommendation

The Committee are not satisfied with the results achieved so far in the verification of the credit for stores in consignee's ledgers. They regret to note that there were as many as 402 vouchers which were outstanding for more than six years and that as on 30th June, 1967 there were as many as 11,118 unlinked vouchers. As non-linking of credits of stores in consignee's ledgers might lead to a diversion of stores to unauthorised purposes, the Committee desire that special steps should be taken to reduce the number of unlinked vouchers so that stores accounts represent the true state of affairs.

[Serial No. 4 of Appendix III to 19th Report (Fourth Lok Sabha)]

Action taken

For the most part the unlinked vouchers represent only accounting discrepancies occasioned by causes such as incomplete preparation of vouchers, change of location of consignee, stores despatched to the consumer direct without routing them through the estocking depot etc., as has already been explained to the Public Accounts Committee during evidence.

The position of outstanding on 31-12-1967, as given below, will indicate that it is improving :—

Upto 1960-61	363	(Against 402 reported to Public Accounts Committee in the meeting)
1961-62	200	
1962-63	1065	
1963-64	696	
1964-65	1338	
1965-66	5279	
	8941	(against 11,118 reported at the PAC meeting)

The observations of the Public Accounts Committee have, however, been noted. The action taken by Government in regard to a related item has been recently reported to the Public Accounts Committee in reply to their recommendation No. 6 of the 71st Report (3rd Lok Sabha) forwarded with this Ministry's Office Memorandum No. F.11(8)/67/D(Budget), dated 29-3-1968.

DADS has been.

[M. of D. O.M. No. 11(2)/68D(Budget) dt. 8-7-1968]

Recommendation

The Committee regret to note that, in these cases, while terminating the contracts under Clause 55, the Chief Engineer did not take into account the possibility of extra expenditure that might result. The Committee hope the Ministry of Defence will take suitable steps to ensure that such cases do not recur.

[SL No. 5 of Appendix III—(Para No. 1.40) of 19th Report (1967-68)—
 (4th Lok Sabha) of P.A.C.]

Action taken

The observation of the Committee has been noted.

2. With a view to avoid recurrence of such cases in future, as pointed out by the Committee, necessary instructions have been issued by the Army Headquarters, E-in-C's Branch to the Chief Engineers/Commander Works Engineers/Garrison Engineers under their letter No. 33416/9/E8, dated the 18th July, 1968, (copy enclosed) bringing out that in such cases, in future, the accepting officer should properly weigh all factors including the financial aspects before deciding to take action under condition 54 or 55 of the general conditions of contract.

[M. of D. U.O. No. 15(7)/68/6850/D(W-II), dt. 2-9-1968]

Copy of Army Hqrs., E-in-C's Branch letter No. 33416/9/E8, dated 18th July, 1968, addressed to Chief Engineer, Southern Command, etc. etc.

SUBJECT :—*Procedure to be followed in the event of Contractor's Death.*

1. Advice from Ministry of Law was obtained with regard to the correct procedure to be followed when a contractor (who was the sole proprietor of the firm) to whom certain contracts were awarded, suddenly died during the currency of the contract.

2. Attention of Ministry of Law was specifically drawn to the under-mentioned three conditions of General Conditions of Contracts (IAFW 2249) :—

- (a) Condition 1(c) under 'Definitions' which stipulates that the "Contractor" means the individual or firm or company, whether incorporated or not, undertaking the Works and shall include the legal personal representative of such individual or the persons composing such firm or company, or the successors of such firm or company and the permitted assigns of such individual or firm or company".
- (b) Condition 54—Cancellation of Contract in part or in full for contractor's default.
- (c) Condition 55—Termination of Contract for death—which stipulates :—

"Without prejudice to any of the rights or remedies under this contract, if the Contractor dies, the Accepting Officer shall have the option of terminating the contract without compensation to the Contractor".

3. Ministry of Law were particularly requested to give their advice on the following two questions :—

- (A) Would it be in order to terminate the contract in accordance with Condition 55 reproduced in para 2(c) above, and if so, what factors should be examined before taking this action ?
- (B) How should names and addresses of legal successors be ascertained and to whom should contractual correspondence and notices be addressed.

4. A gist of the advice of Ministry of Law is given in Appendix 'A' hereto. In the light of the legal position explained there in, the Accepting Officer, instead of proceeding to terminate the contract under Condition 55, is well advised to properly weigh all factors and then decide whether there are good and valid reasons not to get the works completed through the legal representative of the deceased contractor. While the decision to take recourse to Condition 54 or Condition 55, in the event of the inability of the legal representative of the deceased contractor to complete the work rests with the engineer administrative authority, he will no doubt take into consideration the financial aspects. In most cases of cancellation of a contract under condition 55, these will involve extra cost to Government as a result of getting the work done through another agency. In such cases he is, therefore, well advised to consult the CDA. On the other hand, if Government were forced to cancel the contract under Condition 54, the legal representative having defaulted in completing the work, Government would be entitled to claim additional expenditure incurred by them from the legal representatives of the deceased contractor. The distinction to be noted between Conditions 54 and 55 is that having recourse to termination under Condition 54 is desirable because by so doing Government would be keeping alive their right to claim extra risk and cost that they may have incurred in getting the remaining work executed through another agency.

5. A copy of this letter has been sent direct to all CSWE/GEs (Indep).

Sd/-

for *Engineer-in-Chief*

Appendix 'A' to E-in-C's letter No. 33416/9/E8, dt. 18-7-1968.

ADVICE OF MINISTRY OF LAW WITH REGARD TO

(A) APPLICABILITY OF CONDITIONS 54 & 55 OF MES GENERAL CONDITIONS OF CONTRACTS (IAFW-2249) IN THE EVENT OF CONTRACTOR'S DEATH.

AND

(B) PROCEDURE TO BE FOLLOWED FOR OBTAINING NAMES AND ADDRESSES OF LEGAL SUCCESSORS OF THE DECEASED.

1. Under section 37 of the Indian Contract Act, the parties to contract must either perform or offer to perform the respective promises, unless such performance is dispensed with or executed under the provisions of law. The section goes on to make it clear that promises bind the representatives of the promisor in case of death of such promisor before performance unless a contrary intention appears from the contract. The terms of the Act have given two illustrations to this section. The first illustration is in respect of a contract to deliver goods to a party on a certain day on payment of a fixed price. It has been explained in the illustration that the representative of a contractor are bound to deliver the goods upon payment. The second illustration relates to the promise to paint a picture which from the very contract is predicative of the personal skill and abilities of the contractor. In the event of the death of the painter, it is obvious that the legal representatives of the painter cannot be required to perform the completion of the work which the deceased painter had promised to do.

2. The terms of the contract in question (which is for construction of buildings with connected services) have to be examined in the light of the above two illustrations read with section 40 of the Indian Contract Act which says that it appears from the nature of the case that it was the intention of the parties to any contract that any promise contained in it should be performed by the promisor himself, such promise must be performed by the promisor. In other cases, the promisor or his representative may employ a competent person to perform it.

3. The term "contractor" has been defined in the Condition 1(c) of IAFW 2249 which specifically includes the legal representatives of the contractor.....

4. The contract in question is a building construction contract and the execution of the work does not involve any specialised equipment or training which could not ordinarily be expected of an average building contractor. The work does not involve special skill as in the case of murals or paintings. Thus it can be said that the builder's executors would be bound to perform the contract or complete the work because they have only to procure workmen of ordinary competence and, as such, the legal representatives of the deceased contractor would be liable to perform the contract.

5. In view of the above, the answer to Question (A) is that it will not be in order to terminate the contract in accordance with Condition 55 of IAFW-2249.

c. With regard to (B), the following procedure may be adopted :—

- (a) Inquiries may be made from the sons or daughters as known as to whether their father has left any widow or other legal representative. (The competitors of the deceased contractor in the field may provide a good source of information on this issue). If any one claims to be the legal representative, he should be asked to obtain a succession certificate from the court.

No payment should be made to any creditor till he brings a court attachment order.

If one of the sons claims to speak on behalf of all the legal representative, he should be questioned as to the authority. Such a legal representative must hold a Power of Attorney on behalf of the other legal representatives on whose behalf he intends to negotiate financial transactions.

- (b) Alternatively, in order to ascertain the correct legal representatives of the deceased contractor, an advertisement on the following lines may be inserted in the papers :

"Whereas Shri..... s/o.
residing at..... who was engaged as a contractor for carrying out certain works of the Military Engineer Services by the President of India is reported to have died on

And whereas the Department is aware only of the existence of the following legal representatives of the deceased :—

1.
2.
3.

And whereas the Department is interested in knowing the names of all the legal representatives of the deceased with a view to decide the further course of action relating to the aforementioned contracts, Notice is hereby given to all persons claiming to be the legal representatives of the deceased contractor that they should indicate their names and addresses to.....
.....by.....”

Recommendation

The Committee feel that, if all the instructions issued in August, 1964, had been strictly followed and action in fact taken against the officers who were found to be habitually paying advances to Other Ranks in disregard to these instructions, the position of debit balances would not have deteriorated. The Committee would like Government strictly to enforce these instructions.

The Committee would also like Government to take an early decision on the proposal of granting advances against only the fixed items of pay and allowances and not against other fluctuating allowances.

[S. No. 6 of Appendix III of the 19th Report of the P.A.C. (1967-68)
(4th Lok Sabha)]

Action taken

With reference to sub-para 1 of the above recommendation, the following further steps have been taken to ensure compliance with the instructions already issued in August 1964 :—

- (a) A letter was issued by Army Headquarters to Headquarters Commands on 21-11-1968 stressing the necessity of investigating promptly and scrupulously all serious cases involving flagrant violation of the rules/orders which are reported by the Pay Accounts Officers and also taking disciplinary action where warranted.
- (b) An Army Order (AO 14/68) was issued for ensuring strict compliance with the provisions of SAO 20/S/64 and binding the Paying Officers to a written statement that they are fully aware of the instructions in the A.O. *ibid*.
- (c) Rules 311, P&A Regulations for the Army (ORs) provides that JCOs, ORs and NCs (E) whose pay accounts are in debit will be restricted to cash issues at the rates prescribed therein. Instructions are being issued that this rule will be reproduced on the acquittance roll form, so that the Paying Officers will readily know precisely how to adjust the debit balances in individual cases.

The Controller General of Defence Accounts has intimated that during the period June 1967 to February 1968, the Pay Accounts Officers have reported only 3 individual cases, which in their opinion suggest flagrant violation of rules/orders on the subject of payment of advances to Army personnel. As compared to the total number of accounts maintained by the various PAOs the number of serious cases are negligible. Nevertheless, necessary enquiries will be made into the causes for excess payment made to the men and if the circumstances warrant, suitable action will be taken against the Paying Officers.

2. As regards sub-para 2 of the recommendation, the matter has been examined in detail. The details of various allowances admissible to Army personnel are given in the Appendix to this Note. This list is divided into two parts. Under Part 'A' are listed the allowances which are paid to the personnel in arrears *i.e.* on receipt of intimation from the Pay Accounts Officers concerned that the amounts have been credited to their Individual Running Ledger Accounts. The allowances enumerated under List 'B' are in the nature of pay. Some of these allowances are payable upon the satisfaction of certain prescribed conditions and are payable only after a Daily Order Part II notifying entitlement has been issued. Once a Part II Order has been issued it is noted in the Pay Book, and monthly advances are paid to the personnel accordingly. The question whether any of the allowances enumerated in List 'B' could be transferred to List 'A' has been examined and it has been considered that none of these allowances can justifiably be made payable in arrears. An important consideration in this connection is that not more than 3% of the pay accounts of Army personnel usually show debit balance and if any restrictions are placed on the grant of advances against clear entitlements, it would in the case of 97% personnel cause serious repercussions, particularly from the point of view of morale.

[M. of D. O.M. No. 11(2)/68/D(Budget) dt. 8-10-1968]

ANNEXURE

List 'A'

Allowances payable in arrears

1. Compensation in lieu of quarters.
2. Conservancy Allowance.
3. Air Despatch Pay.
4. Para Pay.
5. Children Education Allowance.
6. Reimbursement of Tuition Fees.
7. Conveyance Allowance.

List 'B'

Allowances payable in advance

1. Dearness allowance.
2. Compensatory (City) allowance.
3. Clothing allowance.
4. Ration allowance.
5. Hair cutting and washing allowance.
6. Expatriation allowance.
7. Train journey Ration allowance.
8. Leave Ration allowance.
9. Cash allowance in lieu of soap toilet.

10. High Altitude Allowance.

11. Special compensatory allowance.

Recommendation

The Committee are distressed to note that the Officer Commanding of a Field Engineer Company misappropriated a sum of Rs. 1.04 lakhs out of the imprest held by him for disbursement of pay and allowances to Other Ranks in his unit. It is all the more regrettable that the officer drew an amount of Rs. 70,000 on a requisition which was not even countersigned by the Station Commander as required under the rules.

The Committee have no doubt that, based on the findings of the Court Martial, suitable action will be taken against the Officer Commanding of the Field Engineer Company who misappropriated this large amount and any other person who might be found responsible of aiding or abetting him.

The Committee also desire that the Ministry of Defence should make a case study of this misappropriation so as to determine whether there was any lacuna in the procedure prescribed at various stages with a view to prescribing remedial measures.

[S. No. 7 of Appendix III of the 19th Report of the P.A.C. (1967-68)—
4th Lok Sabha]

Action taken

Capt. M. M. LAL, the Officer Commanding in question, was tried by a General Court Martial and found 'Guilty' for dishonestly misappropriating Rs. 1,03,190.31 P belonging to Government. He has been punished with cashiering, 2 years' imprisonment and forfeiture of all arrears of pay and allowances and other public money due to him at the time of his cashiering. The other persons who aided him in different degrees have also been punished as follows :—

(a) Capt. OD TAWAKLEY	} Awarded 'Severe Reprimand'
(b) Lieut. PS DESHPANDE	
(c) 2/Lieut. SS DHATT	
(d) Nb/Sub R SHINDE	} Awarded 'Severe Reprimand'
(e) Nb/Sub RC KADAM	
(f) Nb/Sub SURAT SINGH	Awarded 'Severe Reprimand'
(g) Hav. Clk D PARKER	Warned by Officer Commanding

2. The officer and the Staff concerned in the Defence Accounts Deptt. have been awarded simple warning by the CDA concerned for the lapse on their part.

3. A case study of this misappropriation as recommended by the Committee is being made. Suitable remedial measures will be prescribed on the basis of this study. A further report in this regard will be furnished to the committee in due course.

[Min. of D. O.M. No. 11(2)/68/D(Budget) dt. 19-6-1968]

MINISTRY OF DEFENCE

D(AG.I)

The Action Taken Sub-Committee of the Public Accounts Committee has asked for information on the following points of S. No. 7 of Appendix III of the 19th Report of the P.A.C. (4th Lok Sabha) :—

- (i) whether the case study of the misappropriation has been completed and remedial measures prescribed on the basis of the study;
- (ii) whether the amount of Rs. 1,03,190 misappropriated by the Officer Commanding in this case has been recovered; and
- (iii) whether reprimand/warning awarded to other persons who aided the Officer Commanding had been duly recorded in their character roll.

2. The replies to the above points are as under :—

- (i) The case study of the misappropriation has been completed. It has not revealed any lacuna in the rules but established that the officer was deliberately disregarding the rules in order to perpetuate the fraud. However instructions for tightening up the existing checks with reference to the last sentence of Ministry of Defence Note dated the 24th September 1968 to the Public Accounts Committee have since been issued on 25th November 1968 (copy enclosed as Annexure 'A'). Certain further remedial measures are still under examination in consultation with the Controller General of Defence Accounts.
- (ii) Out of the sum of Rs. 1,03,190.31 misappropriated by the Officer, approximately of Rs. 20,000 was either recovered from or denied to him. This was by way of forfeiture of all arrears of pay and allowances and other public money due to him at the time of cashiering. The question of regularisation of the loss caused in this case is under consideration.
- (iii) The undermentioned personnel were awarded 'severe reprimand/non-recordable-warning as indicated against their names :—

(a) Capt. CD TAWAKLEY	}	Awarded 'Severe Reprimand'
(b) Lieut. PS DESHPANDE		
(c) Lieut. SS DHATT		
(d) Nb/Sub R SHINDE		
(e) Nb Sub RC KADAM		
(f) Nb/Sub SURAT SINGH		
(g) Hav/Cik D PARKER		—Warned by Officer Commanding.

In so far as the officers at (a) to (c) are concerned it is confirmed that an entry has been made in their Service Records. As regards JCOs at (d) to (f), the information is still awaited from the lower army authorities. The NCC at (g) above has been awarded only a non-recordable warning and as such the question of making an entry in his Service Records does not arise.

ANNEXURE 'A'

DELHI TELEPHONE 32456

No. A/19743/2/AG/PS 3(d)
ARMY HEADQUARTERS
Adjutant General's Branch
DHQ PO NEW DELHI-11

25 Nov 1968

To

Headquarters

Southern Command
Eastern Command
Western Command
Central Command

SUBJECT :—*Cash Requisition—Responsibility of the Countersigning Authorities.*

Reference this HQ letter No. 19743/AG/PS 3(d) dated 22 Aug 67 and your replies thereto.

The need for exercising the strictest vigilance to ensure that the amount demanded on the cash requisition is within the actual requirements cannot be over-emphasised. Besides observing the measures listed in your letter, it should be impressed on the authorities responsible for countersigning the cash requisitions that in order to ensure that the money demanded is within inescapable requirements, they should call for such further information regarding the state of imprest account as may be warranted in each case. A useful mode is to ascertain the normal monthly disbursements over the past six months. Where the demand is abnormally in excess of the average payments over the last six months, the reasons for each variations should be ascertained.

2. Please ack.

Adjutant General

Copy to :—

CGDA (AT-P)

CDA (OR) MADRAS—reference their letter No. AT/F 659 dated 21 June 1968.

Recommendation

The Committee are distressed to note that the Officer Commanding of a Field Engineer Company misappropriated a sum of Rs. 1.04 lakhs out of the imprest held by him for disbursement of pay and allowances to Other Ranks in his unit. It is all the more regrettable that the officer drew an amount of Rs. 70,000 on a requisition which was not even countersigned by the Station Commander as required under the rules.

The Committee have no doubt that, based on the findings of the Court Martial, suitable action will be taken against the Officer Commanding of

the Field Engineer Company who misappropriated this large amount and any other person who might be found responsible of aiding and abetting him.

The Committee also desire that the Ministry of Defence should make a case study of this misappropriation so as to determine whether there was any lacuna in the procedure prescribed at various stages with a view to prescribing remedial measures.

[S. No. 7 of Appendix III of the 19th Report of the PAC (1967-68)—
(4th Lok Sabha)]

Action taken

With reference to sub-paras 1 and 2 of the above recommendation, a report has already been submitted under this Ministry's note dated 7th June 1968 sent to Lok Sabha Secretariat under O.M. No. F.11/2/68/D (Budget) dated 19th June 1968. As regards sub-para 3, a detailed case study of this misappropriation has been made. The case study does not reveal any lacuna in the rules. The misappropriation by the Officer Commanding Unit became possible due to the following reasons :—

- (i) The Officer was deliberately disregarding the rules in order to perpetuate the fraud.
- (ii) No surprise check of the unit accounts, as required under the rules, was carried out for the quarter January-March 1965. This was because the unit was under orders of move to a new location with effect from 1st April 1965. The officer detailed to carry out the surprise check in the next quarter first visited the unit on 16th June 1965, but was put off by the Officer Commanding Unit on one pretext or the other until the 26th June 1965, when he actually carried out the check. In the meantime, however, the Officer Commanding Unit had manipulated the accounts and a false entry of Rs. 40,000 had been made in the payment side of cash account book, so that this check did not reveal any defalcation.
- (iii) The Officer Commanding Unit obtained the signatures of certain JCOs and men of his unit on acquittance rolls in token of their having been paid their pay/leave allowances. He also made the necessary entries in the men's pay books but retained the amounts with him telling the men that he would make payment to them later. The men through a misplaced sense of loyalty to the Commanding Officer accepted such a situation.

2. The rules require that when an officer below the rank of Lt. Col. signs the cash requisition for imprest, it will be countersigned by the Station Commander or a Staff Officer not below the rank of Lt. Col. However, the Officer Commanding Unit in this case submitted a cash requisition for Rs. 70,000 to the Controller of Defence Accounts, Patna, without obtaining the countersignature of the superior officer. Through an oversight in the office of the Controller of Defence Accounts, Patna, this omission was not detected and a cheque for Rs. 70,000 was issued to the Officer Commanding Unit. Suitable disciplinary action has been taken against those persons who were responsible for this omission. This amount, however, is fully accounted for in the accounts.

3. The existing instructions in regard to the maintenance of imprest accounts and the checks prescribed at present are considered sufficient to prevent the leakage of public funds. However, in consultation with Controller General of Defence Accounts, instructions have been issued on 23rd August, 1967 (Not printed) to Headquarters Commands to ensure strict observance of these orders. Certain further suggestions for tightening up the prescribed checks are also under examination.

[M. of D. O.M. No. 11(2)/68/D Budget dt. 3-10-1968]

Recommendation

1.81. The Committee are greatly disturbed to find from the Audit para that, in spite of the instructions of Government that the pension papers of an employees should be sent to the Controller of Defence Accounts (Pensions) one year before the date of superannuation, out of 1,518 pension claims of civilian employees received during 1965-66, 1,178 were received after the employees had retired, 805 (53 per cent) up to on year, 232 (15 per cent) between 1 to 3 years, and 141 (9 per cent) more than 3 years after retirement.

1.82. In the case of employees dying in harness, while the pension papers are required to be sent to the Controller as soon as possible after the event, out of 2,625 pension claims received during 1965-66, 489 (18 per cent) were received between 6 to 12 months, 958 (37 per cent) between 1 to 3 years and 493 (19 per cent) more than 3 years after the death of employees.

1.83. The Committee note that two of the main reasons for delay in submitting pension papers to accounts authorities in time are the absence of entries regarding qualifying service in the service documents and delay in the receipt of 'No Demand Certificate'. The Committee note that Government propose to take a number of measures to eliminate delay on these counts by prescribing that, during the last three years of an individual's service, a concurrent record of the pay and other requisite particulars should be maintained by the Paying Controller and that all the authorities concerned should be asked to take steps to settle at least one year in advance all past arrears to facilitate the issue of 'No Demand Certificate' and to prescribe an overall time limit after which it would be held that there was no claim outstanding against the Government servant.

1.84. The Committee hope that Government will take an early decision on those proposals so that pension cases are processed with the utmost expedition to obviate needless hardship to Government servants who have retired after rendering long years of faithful service.

[S. No. 8 of Appendix III to the Nineteenth Report of Public Accounts Committee (1967-68) (Fourth Lok Sabha)—Paras 1.81 to 1.84]

Action taken

The recommendations of the Public Accounts Committee in paras 1.81, 1.82, 1.83 and 1.84 of their Nineteenth Report (Fourth Lok Sabha) mainly concern Defence civilians. A reply in this respect is being furnished separately by the Government.

2. In so far as Commissioned officers and personnel below officer rank of the Defence Services are concerned, the rules and procedures to regulate the payment of pensions are constantly kept under review. This matter had also earlier come to the notice of the PAC *vide* Serial No. 27, Appendix to the Twenty-Sixth Report of the PAC (1963-64) (Third Lok Sabha). The measures taken to minimise delays in the settlement of pension claims were reported under this Ministry's note dated the 31st May 1966.

3. In the case of Commissioned officers and personnel below officer rank of the Army and the Air Force, the verification of qualifying service and the rendering of 'No Demand Certificate' do not entail any delay. As regards the verification of qualifying service, the pay accounts of the Army officers are maintained by the Pay Controller himself, namely the Controller of Defence Accounts (Officers), Poona. In the case of JCOs and Other Ranks of the Army, qualifying service is verified with reference to the sheet rolls and not with reference to the pay records. The Record Offices have instructions to examine the cases of all personnel due to retire, one year before the date of retirement. In the case of the Air Force, the pay accounts of officers as well as airmen are maintained by the Air Force Central Accounts Office, New Delhi, and there is a Deputy Controller of Defence Accounts attached to it for local audit purposes. In the case of the Navy, however, the verification of the entire service records of officers and sailors is undertaken by the Controller of Defence Accounts (Navy) only at the time of retirement/discharge of the individual. Under this system some cases of verification of service are delayed. Government are examining ways and means of ensuring that the service records of Naval officers and sailors are verified periodically, as done in the Army and the Air Force.

4. The following further measures have been adopted to eliminate delays in settlement of pension cases :—

Commissioned Officers

- (i) It had been the practice previously that upon the retirement of an officer, the Controller of Defence Accounts (Pensions) asked the Pay Audit Controller to render a full pay certificate. This procedure has since been changed. The Pay Audit Controllers have been given instructions on 11th December 1967 to furnish to the Controller of Defence Accounts (Pensions) the full pay certificate immediately after an officer's retirement, without waiting for a formal request to this effect from the latter.
- (ii) Formerly, for the grant of anticipatory pension, the officer had to submit a declaration to the Controller of Defence Accounts (Pensions) before the latter could sanction the anticipatory pension. The Controller of Defence Accounts (Pensions) now sanctions anticipatory pension without which for the declaration from the officer, which is obtained from him subsequently.
- (iii) Formerly, two different sanctions were issued by two different Sections of the Ministry of Defence in respect of disability element and the service element of disability pension. This procedure has now been changed with effect from 3rd January 1968 and one composite sanction is issued for both the service and the disability element.

- (iv) Under the New Pension Scheme 1964, widows of officers are required to surrender two months' pay before they are granted the ordinary family pension. Government have decided that the widows' contribution of two months' pay may be recovered in instalments from the ordinary family pension. Formal orders are being issued.
- (v) Anticipatory award of disability pension in the case of officers who are invalided from service with a disability assessed at 20% or above, which has been accepted as being due to service causes, is made even before the disability pension is formally sanctioned.
- (vi) Formerly sanction for payment of retiring gratuity was issued by the Ministry of Defence after obtaining the concurrence of the Ministry of Finance (Defence). Powers have since been delegated to the Ministry of Defence with effect from 29th November 1967 to sanction retiring gratuity without reference to the Ministry of Finance (Defence).
- (vii) The existing orders enjoin upon Os.C. Units and the Pay Audit Controllers respectively to furnish 'No Demand Certificate' and the L.P.C. without any delay. A comprehensive Army Order (copy enclosed) was issued on 16-3-1968 to ensure prompt settlement of accounts of officers due for retirement.

Personnel below officer rank

- (i) Formerly no family pension could be paid to widows of deceased personnel pending a decision on whether an individual's death was due to service causes or not. Instructions were issued on 17th August 1965 that pending a decision on whether death was due to service causes, a provisional award equal to ordinary family pension may be made to widow.
- (ii) Instructions have been issued in February 1968 by Army Headquarters to all Record Offices that to avoid prolonged correspondence on audit objections and consequent delay in the issue of L.P.Cs., all audit objections raised by Pay Audit Controllers during the final settlement of accounts, should be settled by personal contact at officer's level and outstanding points, if any, should be submitted to competent authority for decision without delay.

5. The following further measures are being examined by the Government :—

- (a) To delegate powers to the Controller of Defence Accounts (Pensions) to sanction retiring pension as well as the disability and family pensionary awards (including adjudication of the entitlement aspect) in the case of officers.
- (b) To award provisional pension in the case of deceased personnel below officer rank where the widow, though not nominated for special family pension, is alive and eligible for ordinary family pension.
- (c) Periodical verification of service records of Naval officers and sailors (also see para 3 above).

6. Constant watch is being kept to ensure that pension cases are disposed of expeditiously.

7. Director of Audit, Defence Services, has seen.

[M. of D. O.M. F. 11(2)/68/D(Budget) dt. 12-7-1968]

Copy of Army Order 111/68 regarding Final Settlement of Accounts—Released/Retired Army Officers.

It has been reported by the CDA(O) POONA that in a large number of cases of released/retired Army Officers, the various documents that are necessary for disbursement of terminal benefits and for the finalisation of their accounts are not being sent to his office promptly by the various authorities concerned. This causes unnecessary delay in the settlement of accounts and resultant inconvenience to the officers concerned. All concerned will, therefore, note the requirements and ensure that the requisite documents are submitted to the CDA(O) POONA without delay.

ACTION BY THE OFFICERS DUE FOR RELEASE/RETIREMENT

2. (a) *Final assessment of income-tax*

The officers will, after verification of their personal records, take prompt action to contact/address the GHQ Income-tax officer, POONA for getting the assessment of their income-tax liability finalised for all the proceeding years as well as the current financial year wherever the same has not already been done. This is essential as otherwise the accounts cannot be finalised and terminal benefits released to the officers.

(b) *Non-employment certificate during leave pending Retirement terminal leave.*

The officers will furnish to the CDA(O) POONA a 'non-employment certificate' every month during their leave pending retirement terminal leave so as to enable the CDA(O) POONA to regulate the leave salary and payment thereof on due dates.

(c) *Non-commencement of private practice during leave pending retirement/terminal leave—AMC/ADC officers.*

In respect of AMC/ADC officers, an additional certificate that they have not commenced private practice during the leave period is also required to be sent to the CDA(O) POONA in order to regulate the payment of non-practising allowance to them during the leave period.

ACTION BY THE OC UNIT

3. (a) *Casualty Return notifying date of SOS*

The OC will issue a casualty return with a copy to the CDA(O) POONA, notifying

- (i) the date the officer proceeded on leave pending retirement terminal leave,
- (ii) The date from which he was struck off strength, and
- (iii) nature and period of terminal leave/leave pending retirement if any granted citing reference to the rule under which it was granted.

(b) *Advance of Pay Book (IAF/F-1034)*

The OC will obtain and forward to the CDA(O) Poona Advance of Pay Book, if any, in possession of the officer. If none is held by the officer, a certificate to that effect should be obtained from him and forwarded to the CDA(O) POONA.

(c) *No Demand Certificate (IAFA-450)*

The OC will forward to the CDA(O), POONA, promptly a 'No Demand Certificate' in respect of the officer after due verification of the relevant records. He will also ask the UABSO concerned at the station to furnish to the CDA(O) POONA a similar 'No Demand Certificate' in respect of rent and allied charges or a final rent bill as expeditiously as possible.

(d) *Terminal Gratuity Claim*

Officers concerned will prefer the claim on IAFA-115 for terminal gratuity, if due, under the terms and conditions of their service and submit it to their OC. The OC will in turn, forward the claim direct to Army Headquarters (MS Branch MS4C) for certification as required by rules and for transmission to the CDA(O) POONA. In the case of AMC ADC officers, the claim will be forwarded to DGAFMS, Ministry of Defence.

ACTION BY THE UABSO/CAO (A&R), MINISTRY OF DEFENCE

4. The UABSO concerned and in the case of officers serving in Armed Forces HQ, Inter Service Organisations and units attached thereto, the CAO (A&R) will on receipt of information regarding retirement release of an officer who is in occupation of Government accommodation in his area, take immediate action to assess the amount due from the officer on account of rent and other allied charges and to issue a final rent bill for the account to the CDA(O) POONA. If no demand is due or if the officer is not in occupation of Government accommodation, he will issue promptly a 'No Demand Certificate' to the CDA(O) POONA.

5. It is needless to emphasise that unless prompt action is taken by all concerned as indicated above, the CDA(O) POONA will not be in a position to make final payment of terminal benefits. While making reference to the CDA(O) POONA for payment of the terminal benefits, officers and other authorities concerned will first ensure that all the relevant documents needed by the CDA(O) POONA have been furnished to him.

Case No. A-15216/AG PS3(d)

Recommendations

The Committee are greatly disturbed to find from the Audit para that, in spite of the instructions of Government that the pension papers of an employee should be sent to the Controller of Defence Accounts, (Pensions) one year before the date of superannuation, out of 1,518 pension claims of civilian employees received during 1965-66 1,178 were received after the employee had retired, 805 (53 per cent) upto one year, 232 (15 per cent) between 1 to 3 years, and 141 (9 per cent) more than 3 years after retirement.

2. In case of employees dying in harness, while the pension papers are required to be sent to the Controller as soon as possible after the event, out of 2,625 pension claims received during 1965-66, 489 (18 per cent) were received between 6 to 12 months, 958 (37 per cent) between 1 to 3 years, and 493 (19 per cent) more than 3 years after the death of the employees.

3. The Committee note that two of the main reasons for delay in submitting pension papers to accounts authorities in time are the absence of entries regarding qualifying service in the service documents and delay in the receipt of 'No Demand Certificate'. The Committee note that Government propose to take a number of measures to eliminate delay on these counts by prescribing that, during the last three years of an individual's service, a concurrent record of the pay and other requisite particulars should be maintained by the Paying Controller and that all the authorities concerned should be asked to take steps to settle at least one year in advance all past arrears to facilitate the issue of 'No Demand Certificate' and to prescribe an overall time limit after which it would be held that there was no claim outstanding against the Government servant.

4. The Committee hope that Government will take an early decision on these proposals so that pension cases are processed with the utmost expedition to obviate needless hardship to Government servants who have retired after rendering long years of faithful service.

S. No. 8 Appendix III Para Nos. 1.81, 1.82, 1.83 and 1.84 of the Public Accounts Committee (1967-68) Nineteenth Report (Fourth Lok Sabha).

Action taken

The final views of this Ministry on the summary of main conclusions recommendations made by the Public Accounts Committee (1967-68), Nineteenth Report, Fourth Lok Sabha, in so far as civilians paid from Defence Services Estimates are concerned, is as under :—

The Committee have stated that they are greatly disturbed to find from the Audit Para No. 46 of the Audit Report (Defence Services) 1967 that in spite of the instructions, that the pension papers of an employee should be sent one year in advance to the Controller of Defence Accounts (Pensions), these were being sent long after the individual's had retired. In this connection it is stated that in accordance with the existing procedure laid down in Article 907 of the Civil Service Regulations, every officer has to submit his application for pension one year in advance of the date of retirement, to his Head of Office. The Head of the Office is required to send the application, complete with all other documents, to the Controller of Defence Accounts (Pensions), one month in advance of the date of retirement. A proposal to enhance the time limit for submission of pension documents by the administrative authority to the C.D.A.(P), from one to three or more months was considered. It has been decided on 8-5-1968 to enhance the period to two months, before the date of retirement of the employee, for sanctioning anticipatory award. After sanctioning anticipatory award the C.D.A.(P) will return the Service Book to the Head of Office intimating to him the information documents which are necessary for finalisation of pension case and these will be furnished to the C.D.A. (P) expeditiously. In the case of death of the individual, the pension papers duly completed will be sent to the C.D.A. (P) as soon as possible after the event.

A proposal to advance the time limit for submission of formal application by an employee to 18 months or more, before the actual date of retirement

of the employee, was also considered. It was felt that it was not essential to increase the period to 18 months. If the administrative and accounts authorities deal with the papers with reasonable speed, the process of sanctioning pension can be completed well within the present period of 12 months. The existing orders prescribing twelve months for application by an employee are based on the orders issued on the civil side, and the practice on the Defence side should be the same. It may also be mentioned that as the pensionary benefits are to be determined after verifying the whole service and the rates of pay drawn upto the date of retirement of an individual, the Head of Office will not be able to submit a claim to the C.D.A. (P) one year in advance of the date of retirement.

The Committee has indicated in the Report two main reasons for delay :—

- (a) Absence of entries regarding qualifying service in the service documents.
- (b) Delay in receipt of 'No Demand Certificate'.

The orders regarding avoiding delay in the finalisation of pension cases, which are pending for want of entries regarding qualifying service, have been issued vide C.P.R.O. No. 68 of 1968 (copy enclosed). According to these orders if individual's certificate of verification has not been recorded for want of service documents, and the individual is also unable to furnish evidence in support of relevant details, he will state the position and give evidence to this effect to the C.D.A. (P). The Audit authorities will examine the statement and if satisfied, will admit the period of service as having been rendered and the pension will be calculated accordingly. Orders have also been issued (copy enclosed) that the particulars of pay, etc. will be maintained by the Pay Audit Offices on a running sheet for the last three years. The last paying officer, who finalizes the pay accounts of the individual will then forward the sheet to the C.D.A.(P), Allahabad. This sheet would readily provide an upto-date record of pay for the last three years and would enable the C.D.A. (P) to finalize the pension/gratuity claims quickly.

As regards avoidance of delay in the receipt of 'No Demand Certificate', necessary orders have been reiterated in January 1968. According to these orders, if no claim is made against a Government servant within 6 months after his retirement, it will be presumed that there is no demand outstanding against him. To avoid delay in the issue of 'No Demand Certificate' by the Directorate of Estates, it has been provided that the application for the issue of such a certificate will be sent to the Directorate of Estates, one year before the date of retirement.

The instructions regarding submissions of claims are consolidated in the pamphlet entitled "PENSION PROCEDURE FOR RENDITION OF CLAIMS IN RESPECT OF CIVILIANS PAID FROM DEFENCE SERVICES ESTIMATES" issued in 1967. If these are duly followed by all concerned, the cases of delay in submission of pension papers are likely to come down considerably.

The Audit authorities have also intimated that all the outstanding cases are kept under close scrutiny, and to finalise these cases a *special Review Group* has been created by them to finalise the outstanding cases vigorously. There are at present only 177 cases outstanding upto year 1965-66, out of as many as 1798 cases reported in Audit Para No. 46 (Defence Services)

1967. The Audit authorities have also stated that there is not a single case upto year 1965-66, in which anticipatory pension has not been sanctioned.

Director of Audit, Defence Services, has seen.

[M. of D. O.M. 11(2)/68/D(Budget) dated 29-7-68]

No. 68/68

Verification of Non-Gazetted Service for Pension—Procedure for Reference CPRO 97/66 as amended by CPRO 136/67.

1. Para 3(e) of CPRO 97/66 is reconstructed as under :—

“(e) In regard to the spells of qualifying service for which annual certificates of verification have not been recorded for want of service documents, the Head of Office will obtain from individual concerned a statement in the form as at Appendix ‘F’ reproduced as Annexure to this CPRO giving the relevant details of the service and evidence in support thereof (e.g. certificate furnished to him by the officer under whom he served and other statements obtainable from the contemporary Government servants) and paste the same, duly attested, in the Service Book of the individual. In case where it is not possible for the individual to furnish any evidence in support of his statement, he may indicate the position stating reasons therefor. On the basis of the statement of the individual the CDA (P), if satisfied, will admit the period of service in question as having been rendered for the purposes of calculating the pension of that individual.”

2. The existing forms ‘A’ and ‘B’ published as Appendices ‘F’ and ‘G’ respectively to CPRO 97/66 will be treated as obsolete.

Case No. A/06736 Org. 4(Civ.) (b-ii).

APPROVED

Sd/-

Lt. Col.

AAG Org4(Civ.)

23 Apr. 68

(SATWANT SINGH MAND)

(Tele. 31711)

Annexure to CPRO 68/68

Appendix ‘F’ to CPR 097/66

**STATEMENT OF THE INDIVIDUAL IN THE CONTEST OF
ACCEPTING THE PERIOD OF SERVICE AS VERIFIED BY
INVOKING THE PROVISIONS OF CLAUSE (c) OF ARTICLE
915, CSR.**

1. I, _____ hereby state that during the period
from _____ to _____ I served in _____

(Office/formation) as _____ (designation and nature of appointment, viz. ETE/ETA/Casual(MES)/Ty./Q.Pt./Pt.).

2. There was no break in my service during the above period. I did not avail myself of any leave other than casual or PL/E.L. during the period except as stated below :—

3. In support of the above details I hereby furnish documentary evidence as stated below :—

(a) Certificate given by _____

(My Officer)

under whom I served during the period.

(b) The testimony of a contemporary Govt. servant.

(c) Other documents, if any.

Station_____

Date_____

(Signature of the Govt. servant)

(Strike which is not applicable)

Note : In case where it is not possible for the individual to furnish any evidence in support of his statement he may indicate the position stating reasons therefor.

DECLARATION

I solemnly affirm and declare that the above statements are true.

(Signature of the Govt. servant)

No. A/06736/Org.4(Civ.)(b-ii)

ARMY HEADQUARTERS

Adjutant General's Branch

DHO PO NEW DELHI-11

5th June 1968

To

Headquarters

Southern Command (30)

Eastern Command (30)

Western Command (30)

Central Command (30)

Subject :—Verification of Service for Pension in respect of Civilians paid from Defence Services Estimates.

An advance copy of CPRO 85/68 is forwarded herewith for information and necessary action.

Sd - Adjutant General

Copy to :—

CGDA New Delhi (5)
Ministry of Defence (5)
D(CIV. II)

CPRO 85/68

**VERIFICATION OF SERVICE FOR PENSION IN RESPECT OF
CIVILIANS PAID FROM DEFENCE SERVICES ESTIMATES**

Reference CPRO 97/66.

1. In order to avoid delays in the finalisation of pension claims it has been decided that during the last three years of an individual's service under the jurisdiction of regional Controllers an account of the pay and other requisite particulars will be maintained by the Pay Audit Offices on a running sheet which will be transferred to Controllers concerned on the transfer of the individual from the jurisdiction of one Audit Controller to another. The last paying officer who finalises the pay accounts of the individual will then forward the sheet to the CDA(P) ALLAHABAD. This sheet would readily provide an up-to-date audited record of pay for the last three years and would ask the CDA (P) to finalise the pension/gratuity claims quickly.

2. For the above purpose each office will prepare a list every six months *i.e.* on 1st Jan. and 1st July of individuals due to superannuate during the next three years and forward a copy thereof to the regional Controller concerned. The Service Books of the affected individuals will also be forwarded to the Controllers concerned with the January list of each year for reference and return.

Case No. A/06736/Org.4(Civ.)(b-ii)

"Please intimate the latest position in respect of the following measures listed in para 5 of Government's reply to expedite payment of pension to personnel :

- (i) delegation of powers to C.D.A. (Pensions) to sanction certain categories of pension;
- (ii) award of provisional sanction to families of deceased personnel who are eligible for ordinary family pension;
- (iii) periodical verification of service records of Naval Officers and Sailors to obviate delay in final verification."

Reply of the Government

The position is as under :—

- (i) Necessary orders for delegation of powers to C.D.A. (Pensions) to sanction certain categories of pension were issued on 2-11-68 (copy enclosed).
- (ii) The proposal for grant of ordinary family pension on provisional basis is under examination. The scheme for grant of ordinary family pension in the Services was adopted on the basis of the scheme adopted on the civil side, where grant of this pension was introduced by the Government as a measure

of social security. It is distinguishable in terms of quantum as well as in conditions of grant from the special family pensionary awards where death of the service personnel is attributable to service factors. Investigations are being made in a number of delayed cases to find out the causes responsible for the delays in finalisation. As soon as the investigations are completed, the question of award of provisional pension will be examined for adoption on the Civil as well as on the Defence side.

(iii) The matter is under examination.

2. Director of Audit, Defence Services, has seen.

[M. of D. O.M. 11(2)/68 D(Budget) dated 20-1-69]

No. 1(8)/65/9585/D(Pensions/Services).
Government of India.
Ministry of Defence,
New Delhi, the 2nd November 1968

To

The Chief of the Army Staff,
The Chief of the Navy Staff,
The Chief of the Air Staff,

Subject :—Delegation of authority to the Controller of Defence Accounts (Pensions) to sanction various types of pensionary awards in the case of Defence Services officers.

Sir,

I am directed to say that the President is pleased to decide, in partial modification of the Regulations and the orders quoted in the margin, that the Controller of Defence Accounts (Pensions) Allahabad will be the Competent authority to sanction the following pensionary awards in respect of commissioned officers :—

- (a) Retiring pension/gratuity in the case of officers who retire from service on attaining the age of compulsory retirement or on completion of tenure.
- (b) Invalid pension/gratuity in the case of officers who are invalided out of service on account of causes which are neither attributable to nor aggravated by service factors.
- (c) Disability pension (Service and disability elements) where the disability is accepted as attributable to or aggravated by service, as also grant of gratuity when the degree of disablement is finally assessed at less than 20%.
- (d) Special family pension, death gratuity, children's allowance and education allowance when the cause of death of an officer is accepted as either attributable to or aggravated by service factors.
- (e) Ordinary family pension and children's allowance in cases of non-attributable deaths.

2. In the case of items under (b) to (e) of para 1 above, the decision whether the cause of disability or death is attributable to or aggravated by service in the Defence Services or otherwise, will rest with the Government of India. The Controller of Defence Accounts (Pensions) will sanction invalid pension/gratuity, disability pension and ordinary as well as special family pensionary awards only on receipt of Government orders in respect of attributability/aggravation. Provisional/anticipatory awards will, however, be made by the Controller of Defence Accounts (Pensions) under the normal rules without awaiting the Government's decision in respect of attributability/aggravation.

3. The grant of pension in all types of cases mentioned in para 1 above will be sanctioned by the Controller of Defence Accounts (Pensions) on receipt of a certificate from the respective Services Headquarters that the officer's service had been satisfactory. Certificate of satisfactory/unsatisfactory service will be rendered by Army Headquarters (M. S. Branch/QMG Branch for Remount, Veterinary and Farms Department officers/DGAFMS for Army Medical Corps officers), Naval Headquarters and Air Headquarters as the case may be, to the Controller of Defence Accounts (Pensions) at least three months before the due date of retirement in the case of officers retiring in the ordinary course and immediately after the occurrence of the casualty in all other cases. Certificate of satisfactory service will not be required for sanctioning the family pension claims in respect of officers who had already retired with a pension.

4. Grant of pensionary awards in the following types of cases will continue to be submitted to the Ministry of Defence for Government orders :—

- (a) Retiring pension/gratuity of officers who retire otherwise than in the circumstances stated in (a) of para 1 above.
- (b) retiring pension/gratuity of officers who retired on attaining the age of compulsory retirement or on completion of tenure but whose service, according to the certificate rendered by the Services Headquarters concerned, was not satisfactory.
- (c) Cases falling under Appendix I to Pension Regulations for the Army Part I (1961) and corresponding Regulations in the Navy and the Air Force.
- (d) Claims to children's allowance in respect of over-aged children.
- (e) Cases involving abnormal features or those which require specific consideration by the Government of India as per existing orders.

5. The President is further pleased to decide that the Controller of Defence Accounts (Pensions), will also be the competent authority to sanction the pensionary awards mentioned in para 1 above in respect of KCIOs (including those of ex-IMS).

6. In cases where pensions have already been sanctioned by the Ministry of Defence under the existing procedure, the Controller of Defence Accounts (Pensions) will also be competent to revise the awards as may be otherwise admissible under the rules from time to time.

7. Pension Regulations will be amended in due course.

8. This issues with the concurrence of the Ministry of Finance (Defence) vide their u.o. No. 6635-Pen of 1968.

Yours faithfully,

Under Secretary to the Government of India.

Copy of the above forwarded to :—

The Controller General of Defence Accounts, New Delhi.
 The Director of Audit, Defence Services, New Delhi.
 The Deputy Director of Audit, Defence Services, Allahabad.
 The Controller of Defence Accounts (Pensions), Allahabad.
 The Controller of Defence Accounts (Officers), Poona.
 The Controller of Defence Accounts (Other Ranks), Madras.
 The Controller of Defence Accounts (Navy), Bombay.
 Deputy Financial Adviser (Pensions)—4 copies.
 Adjutant General's Branch/PS4(c)—125 copies.
 Naval Headquarters—PP&A—50 copies.
 Air Headquarters—PP&R—15 copies.
 E. S. Branch—5 copies.
 QMG's Branch—5 copies.
 DGAFMS DGIX—5 copies.

Recommendation

It is unfortunate that, due to lack of coordination between the authority suspending the examination and the authority giving the print order, no steps were taken to cancel the print order for "Queen's Regulations for the Army", with the result that the publication became surplus to requirements. The Committee hope that, with the remedial measures proposed to be taken, such instances of lack of co-ordination will not recur.

[S. No. 9 Appendix III Para 1.95 to Nineteenth Report (Fourth Lok Sabha) 1967-68.]

Action taken

For avoiding any infructuous expenditure, and at the same time achieving better coordination among the various authorities concerned with bringing out of Defence publications, necessary instructions have since been issued that close liaison should be maintained by them with the Director of Military Regulations and Forms in all cases where policy decisions taken in the Services Headquarters lead to reduction in/elimination of consumption of the publications.

(A copy of the instructions issued is reproduced as annexure).

D.A.D.S. has seen.

Joint Secretary.

[O.M. No. F. 14(3) 68/PF&S-III, dated the 25th June, 1968]

ANNEXURE

Ministry of Defence D.M.R. & F./P.F. & S-III.

Subject : Over printing of the "Queen's Regulations"—Observations made by the P.A.C. Remedial measures to avoid such repetition suggested.

During their recent examination of Para, 49 of the Audit Report Defence Services, 1967, the P.A.C. observed that the printing of a certain number of copies of the Queen's Regulations could have been avoided if there had been proper coordination between the authorities concerned.

2. Under the current procedure, the author Branches concerned compile manuscripts of Defence Regulations. After their approval by the Secretary, Ministry of Defence, the D.M.R. & F. places print orders on the C.C.P. & S., for specified numbers of copies of the Regulations as determined by the Internal Screening Committee taking the following factors into account :

- (a) Contents of these books remain unchanged for long periods and as such sufficient reserve stocks are needed to be kept for distribution over a number of years.
- (b) These books are generally bulky and frequent reprinting in small quantities is uneconomical.
- (c) The range of applicability and usefulness of these books varies. All the books are not required for Departmental Promotion Examinations, and therefore, anticipated sale would be different for each publications.
- (d) Print orders of older editions of the books and the number of successive reprints brought out in the past are also taken note of.
- (e) Where possible, all user branches of Services Headquarters and Inter-Services Organisations are consulted on the probable off-take of the books in the initial distribution.
- (f) The Books of Regulations are handled by the users quite frequently and it is estimated that the normal life of a copy is in the neighbourhood of only 6-7 years. Moreover, the peculiar circumstances in which the Armed Forces function, adversely affect the life of the books held on their charge. Adequate advance provision will, therefore have to be made for replacements.

3. In the case of the Queen's Regulations, required by officers for preparing for Military law paper in various examinations, however, the Army Headquarters intimated their requirement of 2,000 copies of the book to the D.M.R. & F. in July, 1961. The latter, in turn, placed a print order on the C.C.P. & S. in May, 1962 and the copies were received from the Press in June, 1963. Subsequent to the placing of the print order, the Army Headquarters decided on 31st October, 1962 to suspend all examinations consequent on the emergency. But the repercussions on the requirement of the publication were not envisaged at that time. Further the Army Headquarters

did not intimate the suspension of the examinations to the D.M.R. & F. nor did they indicate the usefulness of the book having ceased even temporarily for the latter to consider the question of cancelling the relative print order. This lack of coordination led to an avoidable expenditure on the printing of copies of the Queen's Regulations.

4. With a view to avoiding such expenditure in the future, it is requested that any policy decisions, which would ultimately lead to a reduction in/elimination of consumption of books/regulations ordered to be printed, may kindly be communicated to the D.M.R. & F. immediately after they are taken.

Sd/-
D. M. R. & F.
2nd Dec., 1967.

Army Headquarters
Naval Headquarters
Air Headquarters
All Inter Services Organization
Office of the C.C.P. & S.

M. of D. U.o. No. F. 16(3)/67/PF & S-III, dated the 2nd December, 1967.

Copy to :

All Section in the Ministry of Defence, Defence Supply and Defence Production.

Recommendation

The Committee note that the Ministry of Defence have taken or propose to take a number of measures to effect economy and avoid infructuous expenditure on the printing and distribution of publications. The Committee consider that the print orders for these publications should be placed on a more realistic and conservative basis, so that the wastage resulting from excessive print orders and the consequent accumulation in stock are strictly avoided. The Committee would like to watch the results of the various measures taken by the Ministry of Defence through future Audit Reports.

[S. No. 10 Appendix III Para 1.101 to Nineteenth Report (Fourth Lok Sabha) 1967-68.]

Action taken

With a view to effecting economy and avoiding infructuous expenditure, the following instructions have since been issued to the authorities concerned for assessing, on a more realistic and conservative basis as also quantitatively and qualitatively, the requirements of Defence Publications for printing purposes :—

- (1) The reserve stocks of all books, Training Pamphlets etc., to be printed will be decided taking into account the bulk, range of utility and necessity of their being brought out on long/short-term basis.
- (2) The exact requirements for initial distribution will be worked out in consultation with the Army Statistical Organization, as far as possible, and in accordance with the scales laid down.

- (3) With a view to avoiding any excess printing, the scales will be reviewed periodically by cross-checking actual issues against anticipated demands.

(A copy of the formal order issued is reproduced as annexure A/2).

2. Since the issue of the above instructions, the utmost vigilance is exercised to eliminate any waste in the printing of publications. In consequence, only the barest minimum quantity of the publications required at present for actual distribution, with a small percentage thereof for purposes of reserve for meeting any fresh/unforeseen requirements/replacements, is printed.

3. Action has also already been initiated on 10-3-1967 for evolving revised scales of distribution for the various Defence publication in consultation with the different authorities concerned.

[O.M. No. F. 14(3)/68/PF & S-III, dated the 25th June, 1968]

ANNEXURE A 1

No. F.48(30)/58/PF & S-I

Government of India,

Ministry of Defence,

Delhi-8, the 16th March, 1959

OFFICE MEMORANDUM

Subject :—Constitution of an Internal Screening Committee to scrutinize the paper requirements of the Defence Services.

In order to carry on in the midst of an over-all shortage of paper in the country, the Government of India have imposed a 15% cut on their consumption of paper and paper-made items, and have appointed a high-powered "Screening Committee" to examine all their printing requirements. It has been decided by the Ministry of Defence also to set up an "Internal Screening Committee" to scrutinize the demands of the Defence Services for paper, paper-made articles and printing. The "Internal Screening Committee" will consist of the Director, Military Regulations and Forms, who will be its Chairman and Convener and the Internal Financial Adviser of the Ministry of Defence, as also a representative of the A.F.H.Q. Branch concerned, as its members.

2. The functions of the Committee shall include :—

- (a) scrutinizing the necessary, nature and volume of any demand of any Defence indenter for paper, paper-made articles and printing;
- (b) considering reduction in, or cancellation of, any order already placed but not executed;
- (c) devising methods, including austerity scales if and where possible, to reduce any avoidable use of paper and paper-made articles by the Defence Services; and
- (d) recommending to the Chief Controller of Printing and Stationery or to the main "Screening Committee" or to any other

appropriate authority, as the case may be, the minimum certified requirements of paper of the Defence Services in any single or collective case for printing or supply.

3. The "Internal Screening Committee" shall start work with immediate effect. Defence indentors shall send all proposals for printing, or for paper, for consideration of the Committee, to the Director, Military Regulations and Forms, duly supported by factual and statistical data to justify the necessity, nature and volume of the demand. [For example: (i) if a new form or a new publication is required to be printed, it must be stated why it is necessary to introduce it at that stage; (ii) if the form or publication is an old one and was required in the past, has its utility not ceased? (iii) How the quantity required to be printed has been calculated and can it not be further reduced? (iv) Why a particular type of binding, shaping, punching or illustration is needed? And so on]. Each proposal should be signed by an officer not lower in rank than the officer stated in the Annexure to this Office Memorandum.

4. The requirements to be intimated to the Internal Screening Committee, if not *ad hoc*, will normally be for one year only *plus* reasonable quantity of reserve (to be indicated) to meet unforeseen emergencies.

5. After a demand has been finally accepted by the "Internal Screening Committee" a requisition shall be submitted to the Printing and Stationery Department, where necessary, in the appropriate manner, stating *inter alia*:

- (i) that the necessity for the job/paper has been accepted by the "Internal Screening Committee" of the Ministry of Defence;
- (ii) that the work is inescapable; and
- (iii) that the number of copies asked for is the absolute minimum and is of non-recurring nature for one year only including a reasonable reserve (quantity to be indicated).

6. The procedure laid down in Ministry of Defence Office Order No. 50 of 1956, should be followed in so far as it is not repugnant to the revised procedure laid down in this Office Memorandum.

Sd -

Deputy Secretary to the Government of India

To

All Sections of the Ministry of Defence.
 All Branches of Army Headquarters.
 Air Headquarters.
 Naval Headquarters.
 All Interservices Organisations.
 The Controller General of Defence Accounts.
 The Director General, Ordnance Factories, Calcutta.
 The Controller General of Defence Production.

Copy to:

- 1. Ministry of Finance (Defence) M.O. (25 copies).
- 2. Ministry of Works, Housing and Supply, New Delhi.
- 3. The Chief Controller of Printing & Stationery, New Delhi (25 copies) with reference to the decision arrived at the meeting held in his office on 17-1-1959.

Name of the indenter of the Defence Services.	Rank/designation of officers competent to initiate proposal and sign requisitions.
1. Ministry of Defence.	1. Director of Military Regulations and Forms.
2. Branches of Army Headquarters	2. Colonel and above.
3. Naval Headquarters	3. Captain and above.
4. Air Headquarters	4. Group Captain and above.
5. Inter-services Organisations.	5. Head of the Organisation.
6. Director General of Ordnance Factories.	6. Deputy Director General of Ordnance Factories.
7. Controller General of Defence Production.	7. Deputy Controller General of Defence Production.
8. Controller General of Defence Accounts.	8. Deputy Controller General of Defence Accounts.
9. HQ Commands, formations, establishments, units and Accounts Offices.	9. Head of the Office.

(Proposals should be submitted through respective S.I.F. channels mentioned at serial Nos. 2 to 8).

Annexure A/2

No. F.16(3)/67 PF & S-III

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
OLD SECRETARIAT

Delhi-6, the 2nd December, 1967

11 *Agrahayana*, 1889(S)

CORRIGENDUM

SUBJECT :—Constitution of an Internal Screening Committee to Scrutinize the paper requirements of the Defence Services.

The following amendment is made to the Ministry of Defence Office Memorandum No. F.48(30) 58 PF & S-1, dated the 16th March, 1959 on the above subject :—

(i) *After Paragraph 2, insert the following as paragraph 3.*

"3. The Internal Screening Committee shall keep the following factors in view for assessing qualitatively and quantitatively the requirements for publications put up to it for scrutiny :—

- (1) The reserve stocks of all books, Training Pamphlets etc., to be printed will be done taking into account the bulk, range of utility and necessity of their being brought out on long/short term basis.
- (2) The exact requirements for initial distribution will be worked out in consultation with the Army Statistical Organisation, as far as possible, in accordance with the scales laid down.
- (3) With a view to avoiding any excess printing the scales will be reviewed periodically by cross-checking actual issues against anticipated demands".

- (ii) Renumber the existing Paras 3, 4, 5 and 6 as 4, 5, 6 and 7 respectively.

Sd/-

Director, Military Regulations and Forms

To

All Sections of the Ministry of Defence.
 All Branches of Army Headquarters.
 Air Headquarters.
 Naval Headquarters.
 All Inter-Services Organisations.
 The Controller General of Defence Accounts.
 The Director General of Ordnance Factories, Calcutta.
 The Controller General of Defence Production.

Copy to :

The Ministry of Finance (Defence)-M.O.—25 Copies.
 Ministry of Works, Housing & Supply, New Delhi.
 The Chief Controller of Printing & Stationery, New Delhi—25 copies.

Recommendation

The Committee find that the delay in the preparation of statements and the regularisation of losses is mainly due to delay in :—

- (a) the constitution of Courts of Inquiry and consideration of their reports;
- (b) the finalisation of disciplinary action against those who were held responsible for the losses; and
- (c) the consideration of cases by the authorities at various levels.

The Committee note that the Ministry of Defence have taken certain steps in December, 1966 to expedite regularisation of losses. These steps *inter alia* included (i) laying down a time-schedule for the various authorities involved in the regularisation of losses, (ii) delegating additional financial powers to the Military Engineer Services authorities for dealing with the losses and setting up of an *ad hoc* Committee for finalising all cases of losses incurred upto 31st March, 1964. The Committee desire that the Ministry of Defence should ensure that the instructions issued by them in December, 1966, are strictly followed and delays in the constitution of Courts of Inquiry are avoided. The Committee would also like to watch the progress in the regularisation of losses through future Audit Reports.

Serial No. 12 of Appendix-III Para 1.118 & 1.119 to 19th Report (4th Lok Sabha) (1967-68)

Action taken

Recommendations of the Public Accounts Committee have been noted. Instructions have been issued to all concerned that the various orders already issued by Government in this regard should be strictly followed by them. A copy of this Ministry's u.o. No. 11(3)/68/D(Budget), dated 17-5-68 is enclosed.

In order to ensure compliance especially with the time schedule fixed in this Ministry's u.o. No. 11(8)/66/D(Budget) dated 23-11-66 for the completion of Courts of Enquiries proceedings and regularisation of losses, it has been decided to obtain quarterly progress reports from the Services etc. and conduct a review of these reports by the Joint Secretaries in this Ministry to ensure that these time schedules are observed and other defects pointed out by Public Accounts Committee do not recur. A copy of the instructions issued in this regard is enclosed.

D.A.D.S. has seen.

[No. F.11(3)/68/D (Budget) Dated 23-7-1968].

COPY

MINISTRY OF DEFENCE

D (Budget)

SUBJECT :—*The Public Accounts Committee—Recommendation No. 12 of 19th Report (4th Lok Sabha).*

The Public Accounts Committee in their various Reports have criticised delay in the preparation of loss statements and regularisation of losses. It was brought to the notice of the Public Accounts Committee that adequate instructions, on the subject, already exist but the Committee in their recommendation at Serial No. 12 of 19th Report (4th Lok Sabha) have desired that the Ministry of Defence should ensure that the instructions issued by them are strictly followed and delays in the constitution of Courts of Inquiry, finalisation of disciplinary action against those held responsible for losses, and consideration of cases by the authorities at various levels, are avoided.

2. The procedure for writing off of losses, irregularities, etc. and preparation of statement of case therefor is contained in this Ministry's Office Order No. 25 of 8th May, 1964. A time schedule for various authorities involved in the regularisation of losses has also been prescribed in this Ministry's u.o. No. 11(8)/66 D (Budget), dated 23rd November, 1966. Additional Financial powers to the Military Engineer Services authorities for dealing with losses have been delegated in this Ministry's letter No. 13(2)/59/D (Budget) 9256/D(W-II), dated 24th October, 1966. The cases of losses raised upto 31st March, 1964 are required to be referred to the *ad hoc* Committees under the provisions of this Ministry's Memorandum No. 10(8)/63 D (Budget), dated 17th March, 1967. The life of the *ad hoc* committees has been extended upto 24th January, 1969.

3. It is accordingly requested that the provisions of the instructions contained in the above quoted references may once again be brought to the notice of all concerned to ensure that delays in the constitution of courts of enquiry are avoided and vigorous and sustained efforts are made to settle all outstanding cases of audit objections/irregularities and losses as expeditiously as possible, in any case before the PAC meets again. The PAC's

observations referred in para 1 above may be especially borne in mind by all concerned.

Sd/-

GS Branch (SD-2)
MGO Branch (MG/C)
E-in-C's Branch (E2A)
Air HQrs. (B & C)

Under Secretary
AG's Branch (B & C)
QMG's Branch/QIE
Naval HQrs. (NS-Coord)
All Inter-Services Orgn.

M. of D. u.o. No. 11(3)/68 D (Budget), dated 17-5-68.

Copy to :—

All sections of the Min. of Def. (including Deptt. of Def. Production & Supplies).

(COPY)

MINISTRY OF DEFENCE

D (Budget)

SUBJECT :—*Constitution of Courts of Enquiry and submission of reports thereof.*

While considering the Audit Report (Defence Services) 1967, the Public Accounts Committee criticised the delay in finalisation of losses, constitution of Courts of Enquiry for reporting on the losses and the incomplete investigations necessitating re-constitution of these Courts of Enquiry. While reviewing these aspects, Defence Secretary directed that quarterly reports should be obtained on the working of the Court of Enquiry and these reports reviewed by the Joint Secretary concerned to enquire that the above defects pointed out by the PAC did not arise.

2. On the Army side, instructions already exist (AO 181/64) for submission of preliminary reports and quarterly progress reports in respect of all losses due to theft, fraud or neglect which require regularisation at Government level. These reports are to be submitted to AHQ on the 15th of January, April, July and October respectively. Army Hqrs., in turn, submit these to Government. These orders, however, do not lay down any procedure for financial losses *not* due to theft, fraud or neglect requiring Government sanction, nor is any form prescribed for the quarterly report.

3. In order to achieve uniformity in the three Services, the following instructions should be followed in future in furnishing and reviewing the reports on losses—

- (i) If preliminary investigation in a case reveals that the loss, whether or not due to theft, fraud or neglect, would require the sanction of Government for regularisation, a report should be sent by the Local Command to the Branch or Head of Service concerned in the Service Headquarters. A copy of the report will also simultaneously be sent to the intermediary formation HQ for progressing the case further.

- (ii) In addition to the preliminary report referred to above, a quarterly progress report stating the current position of each case should be submitted by the local Commander to the Branch or Head of Service concerned at Service Headquarters to reach them by 15th January, April, July and October respectively with copies to intermediary formation HQ.
- (iii) Preliminary investigation reports and quarterly progress reports referred to above, will be consolidated by the Branch/Service in the Service Headquarters and forwarded to the Administration Section of the Ministry concerned in the forms at Annexures I and II so as to reach the Ministry by the last day of January, April, July and October respectively.
- (iv) Instructions were issued in this Ministry u.o. No. 11(8)/66/D (Budget) dated 23-11-1966 (Copy enclosed) fixing certain time limits for the assembling of Courts of Enquiry and finalisation of their reports etc. It should, invariably, be ensured that these time limits are followed in all cases. All cases of losses which would otherwise be excluded from the quarterly reports mentioned above, being within the powers of lower authorities to write off, should, however, be included in these quarterly reports, if the total time taken for regularisation exceeds a total period of six months.
- (v) All reports received by the Administrative Sections of the Ministry should be put up to the Joint Secretary concerned who will scrutinise them with a view to ensuring that the faults pointed out by the PAC do not occur.

4. AG's Branch etc. are requested to issue suitable instructions to all concerned on the procedure outlined above with copies to D (Budget).

Sd./-

Under Secretary.

ARMY HEADQUARTERS

AG's Br. (Coord./Budget)
 MGO's Br. (MG-C)
 QMG's Br. (QIE)
 E-in-C's Br. (E2A)
 GS Br. (SD-2)

NAVAL HQRS.

(NS Coord)

AIR HQRS.—(B&C)

D.G.O.F.

All Inter Services Organisations

All Officers & Sections of Min. of Defence including Department of Defence Production and Defence Supplies.

[M. of D. u.o. No. 14(2)/67/D(Budget), dated 8-4-1968].

ANNEXURE

Quarterly report of case of Financial losses not yet regularised.

S. No.	Ref. No.	Name of Unit	Nature of loss	Amount of loss	Date of occurrence	Date of assembling Court of Enquiry	Date of report of the Court of Enquiry	Present stage of the case	Reasons for delay at each stage
1	2	3	4	5	6	7	8	9	10

Part I—Cases requiring regularisation by Government. (Annexure I).

Part II—Case not requiring regularisation by Government but delayed by more than 6 months. (Annexure II).

Recommendation

The Committee, on a number of occasions in the past, have commented on the disposal of surplus and obsolete stores held by the Defence Services. They would like to invite reference in this connection to para 9 of their 4th Report (Third Lok Sabha), para 37 of their 17th Report (Third Lok Sabha), para 3.15 of their 48th Report (Third Lok Sabha).

The Committee note that recently a number of steps, including the delegation of enhanced financial powers, have been taken by the Ministry of Defence for the speedy disposal of obsolete stores. The Committee observe that speed in the disposal of unwanted surplus and obsolete stores has lately been accelerated. The Committee would like the Ministry of Defence to keep a close watch over the disposal of obsolete stores to obviate expense on unnecessary storage and loss due to deterioration.

[S. No. 15 (Para 2.25 & 2.26) Appendix III to 19th Report (Fourth Lok Sabha—1967-68)].

Action taken

The recommendation made by the Committee has been noted.

[M. of D. No. F 2(3)/68/D(O-II)].

Recommendation

The Committee are unhappy to note that stores which had been declared surplus to requirements are occupying 1.26 lakh square metres of covered accommodation, with the result that there is not enough suitable covered accommodation for other current stores, thus exposing them to the risk of accelerated deterioration.

The Committee are distressed that costly and scarce stores, like cables costing Rs. 11.48 lakhs, were allowed to be damaged for want of covered accommodation. The Committee need hardly stress that scarce covered accommodation should be utilised for keeping current stores and that every effort should be made to dispose of obsolete and unwanted stores without avoidable delay.

[S. No. 16 (Para 2.30 & 2.31) Appendix III to 19th Report
(Fourth Lok Sabha) 1967-68].

Action taken

The observations of the P.A.C. are noted.

Necessary instructions have been issued to the Defence stockholders *vide* this Ministry's u.o. No. 2(4)/68/D(O-II), dated the 17th April 1968 (copy attached).

MINISTRY OF DEFENCE—D (O-II)

SUBJECT :—*Disposal of surplus Defence stores.*

The necessity for keeping a constant watch over such surpluses as are likely to deteriorate if kept any longer in storage and of avoiding delay in the disposal of such stores has been impressed on the Defence Stockholders from time to time.

2. In their 19th Report, (4th Lok Sabha) the Public Accounts Committee have remarked as follows :—

"The Committee are unhappy to note that stores which had been declared surplus to requirements are occupying 1.26 lakh square metres of covered accommodation, with the result that there is not enough suitable covered accommodation for other current stores, thus exposing them to the risk of accelerated deterioration.

The Committee are distressed that costly and scarce stores, like cables costing Rs. 11.48 lakhs, were allowed to be damaged for want of covered accommodation. The Committee need hardly stress that scarce covered accommodation should be utilised for keeping current stores and that every effort should be made to dispose of obsolete and unwanted stores without avoidable delay."

3. Services/Branches are, therefore, requested to stress on the stockholders the need for avoiding recurrence of cases of the nature referred to in para 25 of the Audit Report, 1967, keeping in mind the observations of the Public Accounts Committee in this regard.

4. It should also be impressed upon them that whenever stocks become surplus, they are not kept in storage indefinitely but active steps are taken to dispose them of in accordance with the existing procedure so as to make room for current stores. It should also be ensured that surplus stores are periodically inspected pending their final disposal to safeguard against deterioration and subsequent loss in their sale value.

5. Services/Branches are requested to issue detailed instructions to the stockholders under intimation to this Ministry.

Sd./-
Under Secretary.

MGO Branch/MG(C)
QMG's Branch/Q1A
E-in-C's Branch/E3DIS
Air Headquarters (Dte. of Equipment/E-21)
Naval Headquarters (Stores Directorate)
DGOF

[M. of D. u.o. No. 2(4)/68/2619/D(O-II), dated 17th April 1968].

Copy to :—

D(QS), D(W-1), D(Air-IV), D(N-1) and D(Prod.).

Recommendation

The Committee feel that with a little more coordination, the purchase of vehicles in excess of authorised strength could have been avoided. The Committee are unhappy to note that for want of this coordination, it was only after Audit had intervened that certain orders for the supply of jeeps and motor-cycles of the value of about Rs. 4.50 crores were cancelled. The Committee hope that the Ministry of Defence will take suitable measures to ensure that the procurement of vehicles is fully co-ordinated with actual requirements and authorisation so as to obviate excess purchases.

[Sl. No. 19 (Para 2.50) of Appendix III to the 19th Report of the Public Accounts Committee (4th Lok Sabha)—1967-68].

Action taken

The observations made by the Public Accounts Committee have been noted. As explained hereafter, the policy of intake of vehicles has been modified to coordinate more realistically with the anticipated discard so as to coincide with requirements and authorisation and obviate excess purchases to the extent it can be foreseen.

2. It may, however, be mentioned that in order to ensure that the Defence Forces always have an operationally fit and reliable fleet of vehicles, the intake and discard of vehicles was regulated by the provisioning and discard policy formulated in December 1963 and April 1964. It was then assessed that the vehicles would cover a certain mileage each year, and the intake and discard were planned accordingly. Since many vehicles did not cover the stipulated mileage within the prescribed period, they did not qualify for the discard. An excessive holding of vehicles in the Defence Services thus arose mainly due to the shortfall in the actual discard of vehicles against the anticipated discard. In July 1966 a review of the working of the discard policy was undertaken *inter alia* with a view to consider, what modification, if necessary, were required therein. Subsequently, after receipt of the audit para and after collecting necessary statistical data, it was considered in early January, 1967 that certain modifications to the

discard programme were necessary. Accordingly a modification to the discard programme was considered and approved by the Internal Affairs Committee of the Cabinet in May 1967, under which *inter alia* the intake programme for vehicles of each of the categories would be adjusted from time to time taking into account the liability, the holdings and the vehicles likely to be discarded during the provisioning period.

3. Effect to the above decision was given in January 1967 by cancelling pending orders to the extent necessary.

[F. No. F. 3(5)/68/D(O.I)].

Recommendation

The Committee regret to note that, due to lack of balance between the numbers of drivers and of vehicles in transport and ambulance units, an expenditure of about Rs. 12 lakhs was incurred on the wages of drivers and cleaners who were without vehicles and that simultaneously an expenditure of over Rs. 19 lakhs had to be incurred for hiring transport from private operators.

The Committee find that there has been lack of co-ordination between the different branches of Army Headquarters in regard to the recruitment and posting of drivers to General Transport Units and the supply of vehicles to these units. Had the branches concerned taken concerted and prompt action on the basis of the various strength returns and vehicles returns submitted by the Units, the imbalance between the number of drivers and that of vehicles could have been appreciably reduced.

The Committee note that necessary instructions have now been issued to set matters right. They hope that a close watch will be kept on the implementation of these instructions by Army Headquarters.

[Sl. No. 20 in Appendix III, Paras 2.70, 2.71 and 2.72 of the Nineteenth Report of the Public Accounts Committee (1967-68)].

Action taken

Instructions have again been issued by the Army Headquarters to the Commands on the 7th December 1967, for maintaining the balance between drivers and vehicles in Transport Units by adopting the following measures whenever deficiencies in vehicle holdings arise :—

- (a) Release of vehicles to the Unit concerned out of the bulk allotment made to Headquarters Commands; and
- (b) Posting or attachment of surplus personnel from Units having vehicle deficiencies to other heavily committed Transport Units, especially those in need of relief drivers.

Headquarters Commands have also been asked to maintain a proper watch on the manpower and transport provided to such Units and to inform the Army Headquarters when a Unit's vehicle holding falls below 50 per cent of its authorisation and to take action simultaneously to adjust the manpower and vehicle holding by taking steps as indicated above.

2. As a result of the measures already taken the large imbalance noticed between drivers and vehicles in the affected units has been eliminated. It

is also felt that with the directions already issued to Commands, such cases are unlikely to recur.

3. DADS has seen.

[M. of D. O.M. 11(2)/68/D(Budget), dated 1-7-1968].

Recommendation

The Committee regret to note that the design of the storage sheds which had been prepared by the contractor and accepted by the Department with some modifications has now been found to be defective. It is also strange to note that the use of untested in the place of tested steel by the contractor was not detected by the engineering officers supervising and inspecting the works. The contractor was allowed to provide cheaper sub-standard substitutes for doors and windows and allowed extra payment for steel braces which were required to be provided without extra cost. The Committee note that disciplinary action is being taken against the officers responsible for the lapses in this case.

The Committee would like to be informed of the result of arbitration in this case.

[Sl. No. 22 of Appendix III (Paras No. 2.94 and 2.95) of 19th Report (1967-68)—(Fourth Lok Sabha) of P.A.C.].

Action taken

The observations of the Committee have been noted. Suitable remedial instructions have been issued by Engineer-in-Chief to lower formations to avoid recurrence of such cases in future, emphasising that the Competent Engineer Authority should satisfy himself that design and specifications reflected in the Costed Schedule of Works are sound, economical and complete in details, before he accords any technical sanction. (Copy of E-in-C's letter No. 89343/E2-Plg., dated 25/29th April, 1968 as amended by letter of even reference, dated 30th May 1968 attached).

2. A Technical Board has been convened with a view to pin pointing the responsibility on the officers responsible for the lapses. The Boards proceedings are now under examination by the Chief Engineer. Disciplinary action, as necessary, will be initiated on finalisation of the Board proceedings and the PAC informed of the result in due course.

3. As regards arbitration case, the final hearing has since taken place and the arbitrator's award is awaited. The result of arbitration will be intimated to the PAC after the award is received and the matter further considered by the Government in the light of the award.

4. D.A.D.S. has seen.

[M. of D. u.o. No. 15(3)/68/7911/D(W-II), dated 5-10-1968].

[M. of D. O.M. 11(2)/68/D(Budget), dated 8-10-1968].

Copy of Army HQs, E-in-C's Branch letter No. 89343/E2-Plg., dated 25/29th April, 1968 addressed to all Chief Engineers etc. (as amended by E-in-C's Branch letter of even No. dated 30-5-1968).

SUBJECT :—Technical Sanction.

In connection with discrepancies in the design of certain overhead reservoirs and storage sheds, the Public Accounts Committee have adversely

commented that the competent Engineer authorities construed technical sanctions merely as a formality before undertaking work, and accorded such technical sanctions without either working out any detailed design or checking up thoroughly the designs submitted by the contractors. In one case, this resulted in the collapse of one reservoir when brought into use. In another case, details of accessories to the reservoir were not indicated and in the case of storage sheds, the designs prepared by the contractor which were accepted with some modifications, were still found to be defective.

2. The above shows that, at times, adequate technical scrutiny is not carried out before according technical sanctions. *Vide* para 14(c) of MES Regulations and paras, 8, 26, and 28 of Works Procedure, Technical sanction is to be accorded by the competent Engineer authority, before issue of tender documents in case of tenders based on department's own design, or before acceptance of tenders when the same are based on contractors' designed to ensure among other factors, the following broad objectives :—

- (a) The design and specifications are in accordance with sound engineering practice and fulfil the object in view, and estimates are accurately calculated and based on adequate data, and the cost is economical compatible with structural stability.
- (b) The estimate represents the probable cost of the execution of the work as accurately as possible at the time it is prepared and remains within the laid down limits of Administrative Approval.
- (c) The items of works technically sanctioned are within the general specifications and scope of work as per Administrative Approval.

3. In view of the foregoing, the competent Engineer authority is duty-bound to satisfy himself, among other things, that design and specifications reflected in the Costed Schedule of Works are sound, economical and complete in details, before he accords any technical sanction.

4. Please, therefore, issue suitable instructions to all concerned in this respect.

5. Please acknowledge.

Sd. -
for Engineer-in-Chief.

Recommendation

2.107—The Committee understand that the object of the work sanctioned under the Emergency Works Procedure is to ensure completion of the work with the minimum delay and maximum economy in regard to money and stores. In the present case neither was any time saved nor any economy achieved. On the contrary this led to the locking up of capital and unproductive expenditure.

2.108—The construction of the reservoirs was started in April, 1964, seven months before the geologist's report on the suitability of the tentative sites of the tube wells was received in November, 1964, and the availability of the requisite quantities of water had been satisfactorily established. The sinking of the first tube-well was commenced in August, 1965, nine months after the receipt of the geologist's report and its performance test conducted

in December, 1966, ten months after the reservoirs were completed. These facts clearly indicate that there was lack of coordination in the planning and execution of the project. The Committee expect the Government to take suitable measures to ensure effective coordination in the planning and execution of work so as to obviate a recurrence of such cases.

2.109—Further, this case has also brought out instances of lapses in working out technical requirements on which the technical sanction accorded for the work by the Chief Engineer was based. The technical sanction was accorded the day before the contract for the construction of the reservoirs was entered into and the drawings did not specify the sizes of the inlet and outlet pipes or overflow and wash out pipes. The Committee reiterate their observation in para 2.84 of this report that the Engineer-in-Chief should take steps to ensure that technical sanctions are accorded after examination of all aspects of a project and that any negligence in this regard is dealt with in a suitable manner.

[Si. No. 23 of Appendix III (Para Nos. 2.107 to 2.109) of the 19th Report (1967-68) (4th Lok Sabha) of P.A.C.].

Action taken

(2.107)—The observations of the Public Accounts Committee have been noted.

2. (2.108)—As regards starting of the construction of the reservoirs seven months before the receipt of the Geologist's report, it may be pointed out that there was no source of water except tubewells capable of providing the required quantity of water, that one of the three tubewells sanctioned earlier had already been completed and was giving a satisfactory yield and that it was not considered necessary to wait for the recommendation of the Geologist. On the actual siting of the tubewells before proceeding with contract action for reservoirs for the following reasons:—

- (i) Minor variation in siting of the tubewells would not interfere in any way with the utilisation of the reservoirs and
- (ii) Sufficient data was available to know that no major variation in the siting of the tubewells would be necessary.

The Geologist later confirmed that the sites selected were suitable.

3. Tenders for the five tubewells were issued on 26th November, 1964, but there was no response from the contractors. As suitable contractors to undertake tubewells of 12" 10" size were not forthcoming, it was decided to conclude a contract for only one 8" 6" tubewell for which the contractor was available. It was intended to ascertain the actual yield accurately from such a tubewell and then decide the sizes of the remaining tubewells. Accordingly a contract for only one 8" 6" tubewell was concluded on 27th August, 1965. The work was completed on 31st August 1966. The Geologist was requested on 11th June, 1966, to carry out aquifer test for the tubewell to determine the yield of the well; this was eventually conducted on 8/9th December, 1966, as the test had to be performed after the rainy season to avoid getting misleading results.

4. To ensure effective coordination in planning and execution of work and to obviate recurrence of such cases, instructions have been issued to

Chief Engineers by Engineer-in-Chief's *vide* their letters No. 89407/E2 (Plg.), dated 27th October, 1967 and even No. dated 4/7th May, 1968 (copies enclosed).

5. (2.109)—Regarding lapses in working out technical requirements, the tender essentially catered for the construction of RCC overhead tanks and the contractor was required to submit his design for the RCC tanks and not for the water supply pipes. As such, the drawings submitted by various tenderers were not required to indicate the sizes of the various pipes. The tenders floated included all the three sizes of pipes, e.g., 8", 6", and 4". Tenders were received on 26th February, 1964. After scrutiny of design, technical sanction was accorded on 18th March, 1964 and contract concluded on 19th March, 1964. The quantity of each of the three types of pipes indicated in the tender was marked 'provisional'. Subsequently the size of the pipes and the quantity of the pipes were determined and the deviation order issued. The deviation order itself constituted the Technical Sanction in this case. It is agreed that the technical sanction was not sufficiently detailed. Suitable remedial instructions have been issued to Chief Engineers *vide* E-in-C's Branch letter No. 89343/E2(Plg.), dated 25/29th April, 1968 (copy enclosed) stating that Competent Engineer Authorities should satisfy themselves about the soundness of the design and specifications and structural stability before according technical sanction.

6. DADS has seen.

[M. of D. u.o. No. 15(4)/68/788-G/D(W-II), dated 22-6-1968].

Copy of Army HQs, E-in-C's Branch letter No. 89407/E2-Plg., dated the 4/7th May, 1968, addressed to All Chief Engineers etc.

SUBJECT :—*Co-ordination in the Planning and Execution of Water Supply Projects.*

Reference correspondence resting with our 1st letter No. 89407/E2-Plg., dated 27th October, 1967.

The case cited in our above letter, where overhead RCC reservoirs were completed before the development of water service/source and laying of the rising distribution mains, is also indicative of the lack of co-ordination in the planning and execution of water supply projects.

2. You are, therefore, requested to issue suitable instructions to all concerned, highlighting the need for effective co-ordination in the planning and execution of water supply works, so as to obviate recurrence of cases of this nature.

Sd./-
for Engineer-in-Chief.

Copy of Army HQs, E-in-C's Branch, New Delhi, letter No. 89407/E2-Plg., dated the 27th October, 1967, addressed to all Chief Engineers etc.

SUBJECT :—*Newly constructed RCC overhead reservoirs.*

A case has come to light where overhead RCC Water Reservoirs were completed before the development of water service, and consequently these remained empty/unutilised for long.

2. Empty reservoirs are prone to develop cracks on account of expansion/contraction due to diurnal temperature variations. And once cracks develop, its erectification becomes very difficult task.

3. You are, therefore, requested to issue suitable instructions to all concerned that in order to avoid development of cracks in newly constructed RCC reservoirs it is essential to keep them full of water even though these may not be in use.

4. Please acknowledge.

Copy of Army HQs, E-in-C's Branch, New Delhi, letter No. 89343/E2-Plg., dated the 25/29th April, 1968, addressed to all Chief Engineer etc.

SUBJECT :—*Technical Sanction.*

In connection with discrepancies in the design of certain overhead reservoirs and storage sheds, the Public Accounts Committee have adversely commented that the competent Engineer authorities construed technical sanctions merely as a formality before undertaking work, and accorded such technical sanctions without either working out any detailed design or checking up thoroughly the designs submitted by the contractors. In one case, this resulted in the collapse of one reservoir when brought into use. In another case, details of accessories to the reservoir were not indicated and in the case of storage sheds, the designs prepared by the contractor which were accepted with some modifications, were still found to be defective.

2. The above shows that, at times, adequate technical scrutiny is not carried out before according technical sanctions. *Vide* Para 14(c) of MES Regulations and Paras 8, 26 and 28 of Works Procedure, Technical Sanction is to be accorded by the competent Engineer authority, before issue of tender documents to ensure among other factors, the following broad objectives :—

- (a) The design and specifications are in accordance with sound engineering practice and fulfil the object in view, and estimates are accurately calculated and based on adequate data, and the cost is economical compatible with structural stability.
- (b) The estimate represents the probable cost of the execution of the work as accurately as possible at the time it is prepared and remains within the laid down limits of Adm. Approval.
- (c) The items of works technically sanctioned are within the general specifications and scope of work as per Adm. approval.

3. In view of the foregoing, the competent Engineer authority is duty-bound to satisfy himself, among other things, that design and specifications reflected in the Costed Schedule of Works are sound, economical and complete in details, before he accords any technical sanction.

4. Please, therefore, issue suitable instructions to all concerned in this respect.

5. Please acknowledge.

Sd./-
for Engineer-in-Chief.

Recommendation

(2.121)—The Committee note that technical examination of contracts and the examination of the site of works conducted by the Chief Technical Examiner's Organisation during the year 1965 has disclosed—

- (i) that the contracts contained ambiguous or defective wording;
- (ii) that the contracts were not accompanied by detailed drawings;
- (iii) that contractors were given extra contractual benefits;
- (iv) acceptance of sub-standard work;
- (v) defective workmanship;
- (vi) erroneous pricing; and
- (vii) incorrect measurement of work.

(2.122) The Committee expect Government to take suitable remedial measures to ensure that such lapses do not recur.

[Sl. No. 24 of Appendix III—Para Nos. 2.121 to 2.123 of 19th Report (1967-68)—(4th Lok Sabha) of the PAC].

Action taken

(2.121 & 2.122) As pointed out by the Committee, necessary instructions to avoid recurrence of the defects/lapses of various nature brought to light by the Chief Technical Examiner as a result of technical examination and inspection of works and bills have already been issued by the E-in-C's Branch to the Chief Engineer and lower formations as under :—

- (i) A list of common defects noticed during technical examination and inspection of works was circulated under E-in-C's Branch letter No. 86101/Gen./E8, dated the 15th April, 1967 (copy enclosed) amongst the Chief Engineers, Commander Works Engineers and Garrison Engineers who have been asked to take remedial action to avoid recurrence of these defects.
- (ii) Since perusal of the reports received from the Chief Technical Examiner/Inspectorate of Works during the last three or four years, had disclosed that the same defects/mistakes continue to occur, some additional suggestions were made to the Chief Engineers in E-in-C's Branch letter No. 61979/E8, dated the 6th May, 1967 (copy enclosed) and they were further asked to issue further necessary instructions to the lower authorities.
- (iii) With regard to the lapses arising out of drafting of specifications, necessary instructions were issued *vide* E-in-C's Branch letter No. 61979/E8, dated 27th June, 1967 (copy enclosed) stressing the need to revise contract specifications so as to remove ambiguities or inaccuracies arising therefrom in order that the contractor and the executive staff have no doubt about the quality of materials and workmanship to be provided under the contract. A check list for drafting specification was also circulated with this letter of 27th June 1967 for the guidance of the concerned authorities.

[M. of D. u.o. No. 15(S)/68/1094-S/O(W-II), dated 30-8-1968].

Copy of Army HQs, E-in-C's Branch letter No. 86101/GEN./E-8 dated 15th April, 1967 addressed to Chief Engineer, S.C., Poona etc. etc.

SUBJECT :—*Common Defects noticed during Technical Examination of Works.*

Errors defects which are of common occurrence compiled from recent reports of Chief Technical Examiner are detailed in Appendix 'A' to this letter.

2. CsWE and independent GEs will ensure that these defects are brought to notice of all supervisory staff down to Grade I and will take remedial action as necessary to avoid recurrence of these defects.

3. A copy of this letter has been sent to CsWE/GEs(I).

Sd./-
for Engineer-in-Chief

Copy to :—

CsWE GEs(I) etc., etc.

Appendix 'A' to E-in-C's Branch letter No. 86101/Gen. E8, dated 15th April, 1967.

COMMON DEFECTS NOTICED DURING INSPECTION OF WORK BY TECHNICAL EXAMINERS AND INSPECTORS OF WORKS (INCLUDING ERRORS IN RECORDING MEASUREMENTS).

EXCAVATION & EARTHWORK

1. (a) Earth work in filling in packed measure was not converted into solid measure.
- (b) Earth filling in floors and in trenches over the pipes had not been done by spreading ramming/watering in 6" layers as specified.

CONCRETE.

2. (a) Sand used contained silt and clay in excess of the specified limit.
- (b) External angles of concrete beams, lintels, eills etc. were not rounded as specified.
- (c) Concrete eills for windows did not project beyond the faces of walls as shown on drawings.
- (d) Cement and concrete bolstereing around manhole covers was not provided as specified.
- (e) Throating to PCC eill was not provided while casting the concrete.
- (f) Top surfaces of concrete chajjas were not weathered. Throating/Drip course at edges was not provided.

BRICK WORK AND STONE WORK

3. (a) No deductions were made from brick work and stone work for the volume occupied by PCC bed blocks exceeding 72 square inches.
- (b) Face beds and joints of quoins and jamb stones of stone masonry were not squared back to the required depth as specified. Exposed edges at beds and joints were left rough and uneven.
- (c) requisite number of bond stones were not provided in 15" thick stone masonry walls.
- (d) The bedding and pointing to door/window CSW frames was not carried out although specified.
- (e) Curved brick work with radius not exceeding 6 metres was built in English bond instead of header bond with bricks cut to required radius.
- (f) Edges of stone slabs and floors were not dressed to half the depth.
- (g) Jambs of doors and windows were not in plumb.
- (h) Roofing sheets were not bedded solidly.
- (j) Thickness of joints in stone walling was more than specified.
- (k) Hammer dressing to face of stone work was not done.

WOOD WORK & JOINERY

4. (a) Exposed edges of wooden shelves were not rounded although so specified.
- (b) Surfaces of woodwork in contact with concrete/masonry were not tarred.
- (c) Faves-boards had not been fixed properly.
- (d) Timber was not sand-papered as specified.
- (e) Framed joints were not pinned.
- (f) Legs of charpoys were under-sized.
- (g) Formwork of RCC slabs were beams etc. was not wrought with the result that the surfaces of concrete cast rough.
- (h) Joints of joinery were not glued.
- (j) Top and bottom edges of shutters of joinery were not planned.
- (k) Backs, bottoms and all inside surfaces including shelves of almirahts and dressing chests were not sand-papered to smooth finish though so specified.
- (l) Fillets for fixing louvres in ventilators were fixed with nails instead of screws as specified.
- (m) Surfaces of cover fillets in contact with AC sheets in ceiling were not wrought and edges of cover fillets were not chamfered.
- (n) Styles in panelled & galzed joinery were found to be of lesser width than specified.

- (o) Thickness of shutters was less than specified.
- (p) Lap joints were provided between the battens of battened doors in lieu of tongued & grooved joint specified.
- (q) Surfaces of timber door/windows frames coming in contact with brick/stone masonry were not wrought.

STEEL & IRON WORK

- 5. (a) BLANK.
- (b) BLANK
- (c) Single seal manhole covers were provided instead of double seal.

ROOFING AND CEILING

- 6 (a) AC sheets in ceiling were fixed with nails instead of screws as specified.
- (b) Holderbats/clamps were not provided for some of the AC vent pipes.
- (c) Cranked/hook bolts used for fixing sheets were under-sized.
- (d) 20/21 Gauge GI washers were used with hook/cranked bolts for fixing AC sheets roofing instead of 1/16" thick GI washers specified.

FLOORING

- 7. (a) Measurement of concrete floor were recorded gross inclusive of the width of expansion joints instead of measuring net.
- (b) Dressing—top edges and sides up to half the depth of stone slab flooring was not executed as specified.

PLASTERING & POINTING

- 8. (a) The joints of stone work were not raked out before plastering.
- (b) External angles of plaster were not rounded to proper radius.
- (c) Pargetting internal faces of chimneys with mud paster was not done.
- (d) Keyed pointing to vertical joints was not finished properly.
- (e) Thickness of finishing coat of lime putty and sand applied over backing coat was less than specified.
- (f) Thickness of setting/finishing coat of skirting/dado in CM (1 : 1) was found to be 1/16" against 1/8" thick as specified.
- (g) 1/2" radius coving was provided at the junction of skirting/dados and floors, against 1" radius coving specified.
- (h) Thickness of plaster at joints was less than specified.

IRONMONGERY

- 9. (a) Barrel bolts provided were shorter in length.
- (b) Bow handles were of smaller size.

- (c) Barrel bolts were provided in lieu of tower bolts.
- (d) The shoots of all drop bolts provided were lesser in diameter than those specified.
- (e) Wire gauze provided was of 8 meshes per lineal inch in lieu of 9 meshes per lineal inch specified.
- (f) Mortice plates/Metal sockets were not provided where shoots of al-drop entered wood/brick work.

GLAZING & PAINTING

10. (a) The hidden surfaces of MS gusset plates and straps were not painted.
- (b) Glazing beak were not screwed though specified.
- (c) Top and bottom edges of joinery were not painted.
- (d) Surfaces of steel members were not properly prepared by scraping, wire brushing etc. before painting.
- (e) Surface of timber cover fillets in contact with AC sheets in ceiling were not treated with a priming coat of paint though so specified.
- (f) Painting to doors and windows had faded away within a year of its application.
- (g) 7/32" thick sheet glass was provided instead of 1/4" thick glass plate.
- (h) Flushing cisterns including CI brackets were not painted.
- (j) Ends of wooden purlins were not treated with creosote oil as specified.

WATER SUPPLY, PLUMBING, DRAINS & SANITARY FITTINGS

11. (a) Quantity of lead used in jointing CI pipes was less than that specified.
- (b) GI water tubing provided was under-weight.
- (c) CI soil pipes were under-weight.
- (d) Proper wiped soldered joints to lead trap connection of wash hand basins were not provided.
- (e) BLANK.
- (f) Shower roses were not provided with swivelling device, where specified.
- (g) Quantity of lead provided in joints of CI drains was less than that specified.
- (h) Lead pipes of specified weights were not provided.
- (j) Quantity of solder used in wiped soldered joints was less.
- (k) CI soil/vent pipes were jointed with cement instead of run lead joints.
- (l) Flush pipes were not jointed to nozzle of WC pans with adaptus rubber.

- (m) Nahati traps were of smaller size than that specified.
- (n) Flushing pipe was connected to the WC pan with cement joint instead of rubber cone and copper wire joint.
- (o) Mosquito-proof devices were not provided to water waste preventers.
- (p) 1" dia lead supply pipe was under-weight.
- (q) Telescopic flush pipes provided were smaller in diameter.
- (r) Glazed sinks were not provided with plug and chain.

ROAD WORK

- 12. (a) Soling stones provided at site were varying from 2" to 4" in one direction instead of not less than 6" in any direction. Certain stones were oversized.
- (b) Metal used in WBM contained a percentage of metal having more than one rounded face.
- (c) Stone metal incorporated in WBM was found to be over-graded.
- (d) WBM was not consolidated properly.

ELECTRICAL WORK

- 14. (a) Plug socket points were fixed about 4 ft. above the floor level. These should be fixed just above the skirting.
- (b) Conduit boxes were of ordinary cast iron and not malleable cast iron.
- (c) Spacing of saddles for surface conduit wiring was much more than 3 ft. and no saddles were provided near the fitting as specified in SSR.
- (d) Ceiling rose was fixed approximately 3 ft. away from the point where fan was fixed. These should have been 3" to 6" away from the point.
- (e) Earth plate was being provided very near the building it should be at least 6 ft. away from the foundations.

MISCELLANEOUS

- 15. (a) Arithmetical errors in extensions and deductions.
- (b) Quantity of coir incorporated in charpoyas was less than that specified.

Copy of Army HQs, E-in-C's Branch letter No. 61979/E8, dated 6th May, 1967, addressed to Chief Engineers, All Commands, etc. etc.

SUBJECT :—Common defects noticed during inspection of Works.

Reference this office letter No. 86101/Gen./E8, dated 15th April, 1967.

In Appendix 'A' to our letter quoted under reference, a list of common defects noticed during inspection of works by Technical Examiners and Inspectors of Works (TEs/IWs) have been circulated down to CsWE/GEs

(Indep.). A perusal of the reports from the CTE/IWs for the last three to four years reveals that the same defects/mistakes continue to be repeated in most contracts. This indicates that effective remedial action has not been taken to avoid repetition of the defects/mistakes even though in their replies to CTE's draft paras, CEs assure that the individuals had been warned to be careful in future and suitable instructions have been issued to avoid recurrence of such lapses in future.

2. The E-in-C, therefore, directs that this matter be examined in more detail by CEs so as to devise effective ways and means to avoid occurrence of the same lapses in future and issue instructions, as necessary, to lower formations. Apart from the measures which CEs would like to devise, the undermentioned few steps appear to be necessary :—

- (a) Examine current contract specifications (which include specifications contained in the MES Schedule and IS Codes of Practice) and where they are found to be too rigid, taking into consideration the type of work normally adopted in each zone, draw out specimen clauses catering for tolerances/relaxations that may be permitted. (E.g. tolerances in respect of CI soil pipes, dressing to joints of stone, omission of bedding and pointing to door and window frames and the like). These clauses should then be included in the particular specification of each contract.
- (b) Engineer-in-Charge should have with him a detailed check list which will, *inter alia*, include the common defects/lapses pointed out by TEs/IWs, so that he will ensure that these defects do not occur or that they have been rectified before he signs the works passing register.
- (c) GEs and CWE during their inspection of works, shall particularly examine that these common defects do not exist.
- (d) Where certain major defects/lapses are noticed, you may also consider keeping a record of the individuals responsible for the lapse and, in the event of the same lapse being repeated by the same individual, suitable deterrent action taken.

3. A copy of your directive to lower formations, when issued, should be forwarded to this office.

4. A copy of this letter is being sent direct to CWE/GEs (Indep.).

Sd./-
for Engineer-in-Chief.

Copy of Army HQs, E-in-C's Branch letter No. 61979/E8, dated 27th June,

1967 addressed to Chief Engineers, All Commands, etc.

SUBJECT :—*Preparation of tender documents-drafting of specifications.*

Reference this HQ letter No. 61979 E8 of 6th May 1967.

In our letter quoted under reference, it was pointed out that effective remedial measures are necessary to ensure that the same defects/mistakes pointed out by Technical Examiners (TEs)/Inspectors of Works (IW_s) in their reports do not continue to be repeated in future contracts. Among the different measures suggested, one was with regard to the need to revise con-

tract specifications so as to remove ambiguities or inaccuracies arising on account of the following :—

- (a) Provisions contained in the MES Schedule not in keeping with either local practices or materials likely to be available in that locality or material manufactured in the country;
- (b) References made in contract specification to latest issues of relevant Indian Standards and Codes of Practices without verifying their quality of materials likely to be readily available in that locality or materials manufactured in the country.
- (c) Specification not in line with present-day ideas and recommendations of bodies like the Committee on Plan Projects (COPP) or National Buildings Organisation (NBO), Central Building Research Institute (CBRI) and the like;
- (d) Where new materials and new construction techniques are being utilised/adopted, these are not clarified in sufficient detail in the particular specification.

2. It is, therefore, necessary that the Planning Officers and the SW/ASW/SAI responsible for drafting technical sanctions and tender documents cover such points in the particular specification forming part of the contract so that the contractor and the executive staff have no doubt about the quality of materials and workmanship to be provided under the contract.

3. To help the above mentioned officers in this task, a check list for this purpose has been prepared at this HQ and is attached as Appendix 'A' hereto. This has been prepared on the basis of points noted by TEs/IWs during their inspections and the points noted by us while revising the MES Schedule. This list, which is in the nature of guide lines, is however, NOT to be treated as final or exhaustive and, as stated in our letter under reference, will need to be supplemented and modified by CEs/CsWE in the light of their experience and local conditions. Such check lists will also need to be reviewed and amplified at least once a year in the light of further experience gained in the particular zone/area and in the light of recommendations with regard to economy, new techniques, new materials and the like circulated to CEs from time to time by this HQ or bodies like NBO, CBRI and the like.

4. A copy of this letter is being sent direct to CsWE/GEs (Indep.).

Sd./-
for Engineer-in-Charge

Appendix 'A' to EinC's letter No. 61979/E8 dated 27th June, 1967

CHECK LIST/GUIDE LINES FOR DRAFTING SPECIFICATIONS

I. GENERALLY

1. Verify that the specification is in accordance with the latest issue of Indian Standards/Codes.

NOTES :—(a) Any variation in the specification contained in the MES Schedule and that in the IS should be brought to the notice of EinC.

(b) Where the variation is, however, intended to be adopted to suit local conditions or nature of work, such variations will be catered for in the Particular Specification.

2. Verify that samples of materials of local origin are available with the GE.

NOTE :—Remember that samples need to be replenished occasionally and ensure that they agree with the quality readily available in the locality/market.

II EXCAVATION AND EARTHWORK

1. Indicate level of sub-soil water where water table is high particularly in case of Sewerage Contracts.

2. Ascertain sites for disposal of surplus 'spoil' and lead for disposal and specify accordingly.

3. Ascertain the nature of soil formation and specify accordingly.

4. Check if removal of top soil is essential; if so, indicate the depth of surface digging.

5. Where moorum, stone or other useful material are likely to be obtained from excavation and can be utilised for filling around foundations and below flooring, for breaking into hardcore/aggregate and the like, make suitable provision accordingly and indicate in Schedule B the rate at which the material will be issued to contractor on payment. Highlight this provision again in the special conditions.

III. CONCRETE

1. Has mix of concrete for different situations been specified indicating the size of coarse aggregate depending upon the thickness of member(s) ?

2. Lime concrete should be specified only where lime is comparatively cheap.

3. Where all-in-aggregate is available and is suitable, graded coarse and fine aggregates need not be specified. This will help to achieve economy.

4. Ensure that clauses with regard to finishes to surfaces exposed to view are explicit (for specimen clause see Annexure).

IV BRICK WORK

1. Check sizes and quality of bricks available in the market and, where necessary, specify tolerances permissible from the sizes and quality specified in the Schedule.

2. Unless essentially required, omit bedding and pointing to door and window frames by amending the relevant provision in SSR. (for specimen clause see Annexure II).

V STONE MASONRY

1. Ascertain source of stone for walling and sizes of stones available. If kind of stone and sizes available are not in conformity with SSR specification, suitably amend the same.

2. Ascertain size of bond stones available and, if necessary, make provision for PCC bond stones.
3. See item 2 under Brick work.
4. Specify extent of dressings to beds and joints for squared rubble masonry taking into consideration the local practice.
5. In Areas, where local practice is to adopt equal coursed masonry (e.g. BANGALORE; JODHPUR) and no random rubble is specified in the MES Schedule, clarify the type intended with sketches, if necessary to be adopted.

VI WOODWORK AND JOINERY

1. Para III(d) under Woodwork and Joinery section the MES Schedule lays down the maximum permissible moisture contents for timber for various zones. A note below this table states as under :—

“A relaxation of 3 to 5 per cent may be allowed depending upon local conditions at the discretion of the GE. In the case of structural timber, a relaxation up to 7½% may be permitted when joints are strengthened by steel straps, holds, etc.”

It is desirable that, in the light of the position obtaining in each locality, any relaxations in respect of permissible moisture content be laid down by CEs and not by GEs and that these are mentioned in the Particular Specification.

2. Verify that the correct type of timber required in various situations has been specified.
3. Where width of panel in a panelled shutter is more than 8 ins., it should be ascertained if panel of one width is available. Otherwise specification in the SSR should be modified.
4. SSR specification for flush doors requires flush doors to either conform to IS or be of an approved brand, as ordered. Specify either doors conforming to IS specification or to be of approved brands after verification of availability position from market and requirements.
5. IS specification does not cover provision of external lipping to flush doors. This is also not considered necessary for normal commercial quality flush shutters.
6. Thickness of flush shutters in metric units are 20, 25, 30, 35 and 40 mm. as against ¾", 1", 1¼" and 1½", i.e. the thickness metric units are not the exact equivalents of thickness in FPS units. This should be kept in view while specifying the thickness of flush shutters.

VII STEEL WORK

1. Wrought iron is not being manufactured in the country and, as such, no references should be made to it in the contract specifications.
2. *Structural Steel*
 - (a) Does Specification clearly indicate the quality of steel to be provided by the contractors viz. St. 42-S, St. 44-O, St. 32-O or St. 42-W as required for various situations ?

- (b) Steel sections should be designated in accordance with relevant IS such as JSJB, ISBM, etc.
- (c) Weight of steel sections given in Appendix 'A' to SSR are not in accordance with the latest editions of the relevant IS. Provision should therefrom be made that weight shall be calculated as given in relevant Indian Standards.

(NOTE :—Issuing amendment to SSR to correct this anomaly is in hand).

- (d) Verify whether steel sections of the sizes shown on the drawings** are being rolled to avoid changes in design and delay.

3. Specify grade of MS reinforcement, viz. Grade I or Grade II, as classified in IS 432. Where MS bars are to be supplied by contractor, an additional clause should be added to state that if the contractor chooses to provide MS bars conforming to Grades St-42 or St-44-O, on account of non-availability of MS bars Grades I or II, he will be permitted to do so without any extra cost to Government.

4. XPM is being manufactured both in metric and FPS units. Verify the availability and specify accordingly.

VIII ROOF COVERING

1. Verify that required slope has been shown on the drawings.

2. In the case of sloping roofs the spacings of the purlins should only be indicated and not the length of AC or corrugated iron sheets particularly when sheets are to be issued under Schedule B. This is to avoid disputes with contractors regarding non-issue of sheets of the lengths as shown on Drawings. Where possible the sizes of sheets available for issue should be ascertained while preparing drawings/drafting specifications.

3. In the case of mud phuska and lime concrete terracing the minimum thickness should also be specified in addition to average thickness.

4. Para XX pertaining to specification for corrugated steel sheeting in the MES, includes the following provision :—

“Sheeting on steel bearers shall be riveted together with ½” dia galvanised wrought iron rivets and galvanised plain round washer (two to each rivet), at intervals not exceeding 9 ins. for the side laps, and on every corrugation (staggered) of the end laps. If ordered, the lap joints may be bolted in lieu of riveting.”

In many cases such riveting or bolting may not be necessary. This aspect should be examined while drafting specifications and provision made accordingly to suit each requirement.

5. Has provision of expansion joints in flat roof longer than 150' been considered and specified ?

6. Cast iron rain water pipes are generally to be specified to be jointed with red lead cement. It is understood that there is a shortage of red lead cement and that, therefore, this is not readily available and very costly. In the interest of economy, it is, therefore, suggested that wherever red lead cement is not readily available or very costly, you may consider specifying joining with cement mortar.

IX FLOORING

1. Flooring tiles particularly cement concrete and terrazzo tiles should be laid over lime mortar or a lean mix of cement mortar (1 : 6) screed.
2. In case of coloured polished concrete cement tiles and terrazzo floors, wax polishing should be omitted.
3. The thickness of floor finish when laid on hardened concrete should not be less than 35 mm.
4. Extent of dressing to edges of stone slabs should be specified in accordance with the local practice and requirements.

X PLASTERING AND POINTING

1. Setting cost of cement mortar (1 : 1) for skirtings and dados is rich and generally crazes. Setting coat of cement mortar (1 : 2) is adequate.
2. Thickness of setting coat of cement mortar should be 1.5 mm only.
3. 15 mm coving at the junction of skirting dados is adequate and should be specified accordingly.

XI IRONMONGERY

1. Verify the type and quality of ironmongery fittings available in the market & the requirements and specify accordingly.
2. Wrought iron is not at present manufactured in the country and as such reference should not be made to wrought iron fittings.
3. The steel and cast iron fittings are being finished with hard stove enamel as specified in IS specification and are not black japanned. Specifications should be framed accordingly.
4. Steel butt hinges available are of cold rolled mild steel in lieu of pressed steel hinges. IS further classified hinges as of light weight medium weight and heavy weight and should be specified accordingly.
5. Brass barrel bolts as specified in IS are available in the market with barrel of cast brass sheet brass of extruded brass and should be specified accordingly to requirement.
6. Mild steel barrel bolts should be specified in lieu of wrought iron as the latter are not available.
7. The type of door handle should be specified as of cast type, cast iron or malleable cast iron or mild steel pressed oval type (half oval type should not be specified).
8. Use of horizontal rim locks with knobs is not common and these locks are not now readily available. It is, therefore, desirable to specify vertical type of rim locks with handles which are at present in vogue.

XII GLAZING

1. Sheet glass is now being marketed on "thickness" basis in accordance with IS specifications as against "weight basis". It is important that the thicknesses readily available are verified before finalising specifications, e.g.

some time ago glass 1/2" thick was not readily available but only 7/2" thick was available.

2. Polished plate glass or polished plate wired glass, being imported, are generally not available in open market and should not usually be specified. If essentially required the tenderers' special attention should be drawn to this item indicating availability or otherwise of foreign exchange for this purpose.

XIII. PAINTING

1. Clauses regarding preparatory work to timber, plywood, steel and cement surfaces including AC sheets should be highlighted.

2. Alkali resistant primers for painting cement surfaces should be specified.

3. Type of primer (red lead or red oxide) for steel work should be indicated.

4. A clause should be inserted for redoing the priming coat if more than 6 months have elapsed before executing the undercoat.

5. It should be made clear that bituminous coating on cast iron soil pipes etc., shall be burnt away before applying the priming coat.

6. Bitumen paint for interior of water tank used for drinking purposes should be lead-free.

7. Oil paint for magazines, etc., should also be lead-free.

XIV. WATER SUPPLY, PLUMBING AND SANITARY FITTINGS

1. Verify that the class of steel water tubing specified is available.

2. Quality of suitable cast iron soil, waste, vent and anti-syphonage pipes available should be ascertained before these are specified.

3. Cast iron soil pipes, etc. are generally given bitumen coating in lieu of Angus Smith solution. Specification should be suitably modified if applicable.

4. Weight of lead pipes available and suitable for the purpose should be ascertained and specified accordingly.

5. Lead connections to flushing cistern etc., are sold in the market ready made. These connections are made using much less quantity of lead in wiped soldered joints. If these connections are acceptable the SSR specification should be modified.

6. Only Grade A SWG pipes (previously known as ordinary quality) are generally available in the market. These are adequate for normal use and should be specified.

Grade AA pipes (previously known as 'tested' quality) need only be specified when pipes are likely to run full.

7. Reinforced cement concrete pipes for culverts etc. should be specified by their new classification viz. NP2, NP3, etc., in lieu of class A, B, etc.

In case concrete pipes are used as water mains, pipes P1, P2 or P3 should be specified accordingly to head of water.

8. Sanitary fittings should be described as glazed earthen ware or of vitreous china as required.

9. Ball valves with copper balls are not readily available or are very costly. In the interest of economy, specification should, therefore, cater for plastic or polythene balls as available where copper balls are either not available or are very costly.

10. On account of lesser space for pouring lead, some brands of cast iron pipes require lesser quantity of lead for jointing than the quantity specified in SSR. If these pipes are being specified, quality of lead should be specified accordingly.

XV. ROAD WORK

1. In the amended specification for water bound macadam (WBM), separate gradings have been given for aggregate of hard and soft stones. The type of stone aggregate available shall be ascertained and grading specified accordingly.

XVI. SUPPLEMENTARY RATES

It is important that supplementary rates are included in the tender to cover items of the specification not included in the MES Schedule. The rates so framed should be on the same level as that of the MES Schedule.

ANNEXURE I TO APPENDIX 'A' TO LETTER NO. 61979/E8, Dated 27-6-67

Exposed Surfaces

As laid down in Clause XXIII(a) on page 26 of MES Schedule, concrete shall, while being poured into the form, be vibrated or worked with rods, trowels, etc., wherever vibrating is not possible so that the fines flow towards the surface of the forms and a fair finish is achieved. However, if on removal of formwork it is found that the surface is not fair finished to desired extent and needs touching up it may be so done with a thin layer of cement mortar (1 : 3) applied immediately after the formwork is removed and the concrete surface has been cleaned and prepared properly.

Use of mortar plaster is not permissible for correcting to levels, removing unevenness, etc. However, if such plastering is unavoidable, then thickness of plaster shall in no case exceed 5 mm. and the plastering shall be in cement mortar (1 : 3).

Bedding and Pointing to Door and Window Frames

"All timber frames for joinery shall be erected during progress of brick-work/stone-work. The brick-work/stone-work in jambs shall be construct-

ed closely abutting the frames without any mortar. No plaster grooves shall be provided in the frames at positions where brick/stone janes are to be pointed".

Recommendation

The committee regret that as admitted in evidence there has been a certain lack of planning and forethought in the purchase and installation of equipment resulting in an infructuous expenditure of Rs. 6.54 lakhs. If the proposal for the purchase of mooring equipment had been examined in detail and difficulties in the availability of site foreseen, this infructuous expenditure could have been avoided. The Ministry of Defence should issue suitable instructions to ensure that projects are sanctioned only after examination of all aspects so that cases of this type do not recur.

[S. No. 25 Appendix III Para 3.9 of the Nineteenth Report of the PAC (1967-68) Fourth Lok Sabha]

Action taken

Instructions have been issued to the three Services for future guidance *vide* this Ministry's u.o. No. 11(7)/68/D(Budget), dated 19-4-1968 (copy enclosed).

2. D.A.D.S. has seen.

[Min. of Def. U.O. No. 5(31)/66/3349/D(N-1)]

MINISTRY OF DEFENCE
D(Budget)

SUBJECT :—PUBLIC ACCOUNTS COMMITTEE—19th Report.
(4th Lok Sabha) on Appropriation Accounts
(Defence Services), 1965-66 and Audit Report
(Defence Services) 1967—Recommendation No. 25.

The Public Accounts Committee have on several occasions adversely commented on the lack of coordinated planning in the purchase/manufacture of equipment and execution of projects resulting in infructuous expenditure or locking up of Government money. In one case, in particular, certain mooring gear costing Rs. 6.54 lakhs purchased in connection with the provision of a permanent mooring berth at a Naval base, could not be utilised consequent on dropping of the scheme later. One of the reasons for giving up the scheme was non-availability of a suitable site for the purpose. PAC have observed that if the proposal for purchase of the equipment had been examined in detail and the difficulties in the availability of suitable site foreseen, this infructuous expenditure could have been avoided.

2. It is, therefore, requested that in respect of purchases/manufacture of equipment and execution of projects, full care should be taken in future that firm commitments involving substantial expenditure are not made without proper appreciation of the various aspects of the project such as availability of suitable site, technical feasibility of the project and coordinated

completion of the several parts of the project. Army Headquarters etc. are requested to issue suitable instructions to all concerned accordingly.

Sd/-
Under Secretary

Army Hqrs. (All Branches)
Naval Headquarters (NS Coord.)
Air Headquarters (B&C)
D.G.O.F.

All Interservices Organisations

All Sections of the Ministry of Defence (including Departments of Defence Production & Defence Supplies).

[M. of D. u.o. No. F. 11(7) 68, D(Budget), Dated 19-4-1968]

CHAPTER III
RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF
GOVERNMENT

Recommendation

The Committee would like to be informed whether any estimates of these consequential economies were made at the time of the adoption of the revised disposals policy and how far these estimates have been realised in actual practice.

[S. No. 18 (Para 2.44) Appendix III to 19th Report (Fourth Lok Sabha) 1967-68]

Action taken

In 1963-64, when a phased programme for replacement of old vehicles which had completed a certain mileage or number of years in service, was drawn up, the main emphasis was to provide the Defence Forces with a reliable fleet of vehicles, operationally fit at any point of time. The question of consequential economies was not considered.

[Min. of D. D.M. No. 11(2)/68/D(Budget), Dated 27-5-1968]

Sl. No. 18

Further Informations

"Please intimate whether in view of the revised discard policy and building up of a new fleet there has been

- (a) economy in stocks of spares carried and
- (b) reduction in work load in the workshops.

Answer

(a) Consequent on the adoption of the Discard Policy, procurement of spares is restricted to one overhaul of petrol engines and limited overhaul of diesel engines. The vehicles covered by the Discard Policy are not overhauled. The provisioning of overhaul spares is accordingly restricted only to the items required for the overhaul of engines. The policy must also have its impact on the extent of maintenance spares. There is thus less provisioning than what would have been otherwise. Incidentally it may be pointed out that surplus MT spares valued at Rs. 47.27 crores have been declared for disposal up to 1-7-1968, bulk of which constituted MT spares for older models/makes of the four types of vehicles covered by the Discard Policy and which have no commonality with those for current models/makes.

(b) As regards reduction in work-load in the Workshops, 8 additional Base Workshops were sanctioned in 1962-63 (*i.e.* before adoption of the Discard Policy) to cope with the considerable increase in the repair commitments of arms, armaments, electronic equipment/instruments, vehicles, Engineering stores, Signal stores etc. Consequent on the adoption of Discard Policy of 'B' vehicles, only 2 Base Workshops were retained against the sanction for 8 and the rest disbanded/surrendered. Also one of the 8 Base Workshops which existed earlier was converted from a 'B' Vehicle Workshop into a manufacturing Workshop.

[M. of D. O.M. 11(2) '68/D(Budget), Dated 6-1-1969]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee feel that the large number of cases of losses in stores mentioned above indicate the necessity of reviewing and modernising the system of ordering, maintaining and issuing of stocks.

The Committee understand that the Ministry of Defence is introducing, on an experimental basis, computerised inventory control in the Central Ordnance Depot, Delhi Cantt., and the Central Ordnance Depot, Jabalpur, and that they would consider its extension to other Ordnance Depots after the results of these experiments have been studied. The Committee expect the Ministry of Defence to take suitable measures in the light of the results of the experiments being carried out by them in the introduction of modern methods of inventory control, so as to effect rationalisation, achieve economy consistent with security and obviate losses.

[S. No. 11 of Appendix III to the 19th Report of the PAC (4th Lok Sabha) 1967-68]

Action taken

The existing system of ordering, maintaining and issuing of stocks in the various Defence Establishments has been reviewed. As a result several steps have been taken towards modernisation of the system of inventory control suitable to the Branch/Undertaking, at the present stage. For instance a system of maintaining dues-in progress cards and Store Section Ledger Cards in the Kardex Cabinets has been introduced in the Office of the Director General Armed Forces Medical Services and Armed Forces Medical Stores Depots for maintaining data in connection with the provisioning and supplying of medical stores and equipment. In the IAF provisioning system was recently reviewed and various measures to streamline the system have been adopted as per Annexure I to this note. The operation and accounting procedure of other Army/Navy Depots and Establishments is being reviewed separately and the observations of the PAC will be taken into consideration before adopting a revised procedure.

The proposal to introduce computerised control in the Central Ordnance Depot, Delhi Cantt., as an experimental measures, has been accepted in principle by the Government and the position has already been intimated to the PAC in this Ministry's note No. 12(2)/68/D(O-I), dated 7-8-1968 on recommendation at serial No. 14 of Appendix III to 19th Report (4th Lok Sabha) forwarded under Ministry of Defence Office Memorandum No. F. 11(2)/68/D(Budget), dated the 12th August, 1968. The question of introducing this system in other Defence Establishments will be examined after the receipt of trial reports from COD Delhi Cantt.

Meanwhile, a computer has also been installed at the Office of the DGOF, Calcutta, in order to introduce an integrated Material Planning

System. This system is at various stages of introduction at 13 of the Ordnance Factories as also Heavy Vehicles Factory and it will be extended to other factories in course of time.

D.A.D.S. has seen.

[No. F. 11(4)/68/D(Budget), dated the 26th October, 1968]

ANNEXURE—1

List of measures adopted in IAF for improvement in provisioning system :

- (i) With the introduction from 1-2-67 of Forward Supply System at all units, holding of spares in the flight lock-ups has been eliminated. Issues of stores are now made across the counter against actual requirements. On the basis of such issues, replenishment of stocks are obtained from the depots, which provides a true consumption data for provisioning. This system would ultimately help to relieve the user sections from carrying large inventories which in turn lead to a shorter inventory in the IAF.
- (ii) A system of checks and counter-checks at various levels has been introduced to ensure accuracy in provisioning. It has been decided to carry out a 100% check of provisioning reviews at various stages before submitting the draft indents to Government for approval. Indents are required to be sponsored at specified levels depending on the cost.
- (iii) For better coordination, Equipment and Technical Staff have been made to sit next to each other to enable them to discuss various problems, thereby reducing the inter-sectional notings and movement of files. Similarly at policy level, a conjoined approach is ensured for all maintenance problems.
- (iv) Reduction in pipe-line and delays in provisioning has been effected by authorising despatch of repairable rotables to repair agencies by quicker means to reduce turn-round time and thereby reducing the need for fresh imports.
 Formation of Overhaul Spares Depots alongside the repair agencies will reduce the pipe-line between the Overhaul Spares Storage Unit and Repair Agencies in addition to reducing the time-lag between actual consumption and provisioning reviews.
- (v) High Value Control System with the aim of selective high-value management to control centrally, high value items for better supply capability as also to reduce expenditure wherever possible, has been introduced in the IAF. This system applies to high value items selected by Air Headquarters. Issue of these items from Equipment Depots are subject to release by Air Headquarters.
- (vi) Special procedure for control of issue, movements and repair of rotables (items which can be repaired and put back into service), which are quite costly, has been evolved. Floats of these items authorised for repair agencies and consumer units have been laid down to control holdings at various levels.

- (vii) An analysis is in progress to determine the fast moving items. Cards pertaining to such items would be marked with a distinctive colour code and reviews of such cards would be done once a month or so, so that continuous replenishment action can be undertaken without waiting for the normal review cycle.
- (viii) Consumable stores called 'C' class stores cost very little as compared to rotables. Their periodicity of review has, therefore, been changed from six months to one year so that more attention can be focussed on review of rotables.
- (ix) A Cell has been formed in Air Headquarters for cataloguing all the equipment in use in IAF to provide standard catalogue of stores for reference purposes. Proper cataloguing will not only help in standardisation of various stores, it will also assist in easy identification of items and in establishing common items and thus decreasing incorrect or duplicate holdings.
- (x) A Committee has been formed within existing resources to compile a Manual of Provisioning, codifying provisioning instructions issued from time to time. With the completion of this manual, there will be a systematic book covering various activities relating to provisioning.
- (xi) It has been decided to adopt commercial practices, for provisioning purposes by No. 30 Equipment Depot, with suitable modification, (in respect of Super Constellation Aircraft and Wright Cyclone Engines). Based on the experience gained, the feasibility of constituting Local Provisioning Committees for other Equipment Depots will be considered.

Sr. No. 11 (i). It has been stated in the note dated 26-10-1969 "The operation and accounting procedure Army/Navy Depots and Establishments is being reviewed separately."

Please intimate the precise progress made in carrying out the review.

(ii) It is further stated "The question of introducing this system in other Defence Establishments will be examined after the receipt of trial reports from COD Delhi Cantt."

Please intimate when the trial reports are expected from COD Delhi Cantt.

Reply of Government

(i) On the Navy side, rationalisation centres round the question of computerisation which will be considered on reviewing the results of the experiments of COD Delhi Cantt. While this would apply equally on the Army side especially in the Engineers stores depots, other methods of revising the accounting procedure in the Engineer Depots are also under consideration of the Government.

(ii) The latest position regarding introduction of the computerised system in COD Delhi Cantt. was intimated to the Public Accounts Committee in the note submitted to them with his Ministry's O.M. No. 11(2)/68/D (Budget), dated the 23rd December, 1968 addressed to the Lok Sabha Secretariat.

Sd/-

[Ministry of Defence U.O. No. 11(2)/68/D(Budget), dated 25-1-69]

Recommendation

The Committee regret to note that the requirements of the assemblies of two parts in this case were over-estimated with the result that 185 out of the 230 units ordered are surplus. The Committee feel that the requirements of spare parts should be worked out on the basis of needs and experience of particular equipment under Indian conditions and not on a theoretical basis. In this connection, they would also like to invite the attention of Government to para 2.15 and paras 2.34 to 2.37 of their 15th Report (Fourth Lok Sabha) where similar cases of over-provisioning in the Air Force had been commented on. The Committee stress that the Ministry of Defence should take suitable steps to rationalise and modernise their system of inventory control to avoid the recurrence of such cases.

[Sl. No. 14 of Appendix III to the 19th Report of the Public Accounts Committee (4th Lok Sabha) 1967-68]

Action taken

The system of provisioning overhaul requirements in the Army has been changed with effect from 1st January, 1966. According to the revised procedure, the provisioning is done by the Central Ordnance Depots themselves based on actual issues to Ordnance Store sections (for Electrical and Mechanical Engineering repairs) and modification factor related to No. of equipment overhauled/No. of equipment to be overhauled. In cases however where past issues are nil or negligible, the provisioning is based on overhaul scales assessed by the Electrical and Mechanical Engineers specifically for each equipment under Indian conditions.

2. In order to rationalise and modernise the system of inventory control in the Defence Services, sanction has been accorded by the Government on 22nd May, 1963 (copy enclosed) for carrying out a Pilot Project Study on inventory control in the Central Ordnance Depot, Delhi Cantt. based on Electronic Data Processing System. The extension of the computerised inventory control in other Ordnance Depots in the Army and in the other Services would be considered after results of the Pilot Project Study at Central Ordnance Depot, Delhi Cantt. are known.

2. D.A.D.S. has seen.

[File No. 12(2)/68(O.I), Dated 7-8-1968]

[M. of D. O.M. No. F. 11(2)/68/D(Budget, Dated 12-8-1968)]

No. 92497/OS-11/6484/D(I-A&P)

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE

New Delhi, May 22, 1968

To

The Chief of the Army Staff.

SUBJECT :—*Institution of the Pilot Project Study of Electronic Data processing system in the Army Ordnance Corps.*

Sir,

I am directed to convey the sanction of the President to the following measures for a period of 3 years for carrying out a Pilot Project Study on

inventory control in COD Delhi Cantt. based on Electronic Data Processing System :—

	Approximate Cost Rs.
	Rs.
(a) Hiring and maintaining of Punched Card Equipment.	
(a) Card Punch with print adaption.	—3
(ii) Verifier	—3
	} 1,48,950-00
(b) Punch Cards	15,000-00
(c) Items of special Stationery and forms	80,000-00
(d) Items of special furniture	12,000-00
(e) Conversion and Air conditioning of approx. 600 sq. of exist- ing accommodation in COD Delhi Cantt.	16,000-00
(f) Utilisation of computer time at Computer Centre, R.K. Puram. At fixed Go- vernment	

2. Sanction is also accorded to the employment, as a temporary measure, of

- (i) Two Programme Assistants in the Pay Scale of Rs. 325-15-475-EB-20-575.
- (ii) Six Key Punching Operators and Verifiers in the Pay Scale of Rs. 110-3-131-4-155-EB-4-175-5-180 plus Rs. 15/- as special pay per month.

No staff will be actually employed from a date earlier than the date of positioning of the equipment.

3. I am further to add that the equipments and the staff will be based in COD Delhi Cantt.

4. The cost of various items shown above will be debitable to the relevant Main Head of Defence Services Estimates.

5. Any subsidiary instructions will be issued by you.

6. This letter issues with the concurrence of the Ministry of Finance (Defence) vide their u.o. No. 179/3079/S/02(P) of 1968.

Yours faithfully,

Sd/-

Under Secretary to the Government of India

Copy of the above forwarded to :—

The Controller General of Defence Accounts; the Director of Audit, Defence Services; the Controller of Defence Accounts, Western Command, Meerut; the Controller of Defence Accounts, (Other Ranks), Madras; the Senior Deputy Director of Audit, Defence Services, Poona; and the Deputy Director of Audit, Defence Services, Western Command, Meerut.

Copy signed in ink to be endorsed to :—

The Controller of Defence Accounts (Western Command), Meerut.

The Controller of Defence Accounts (Other Ranks), Madras.

The Chief of the General Staff (SD-7); (ASEC); The Adjutant General (Org. 1 Pers a) (3); ASO Pers (3); The Master General of the Ordnance MG(C) (5); (OS-11) (200); the Assistant Financial Adviser (O-1C); (O-2P) (2 copies); the Deputy Financial Adviser (AG); Ministry of Defence/D(O.II).

Recommendation

The Committee regret to note that the requirements of the assemblies of two parts in this case were over-estimated with the result that 185 out of the 230 units ordered are surplus. The Committee feel that the requirements of spare parts should be worked out on the basis of needs and experience of particular equipment under Indian conditions and not on a theoretical basis. In this connection, they would also like to invite the attention of Government to para 2.15 and paras 2.34 to 2.37 of their 15th Report (Fourth Lok Sabha) where similar cases of over-provisioning in the Air Force had been commented on. The Committee stress that the Ministry of Defence should take suitable steps to rationalise and modernise their system of inventory control to avoid the recurrence of such cases.

[Sl. No. 14 of Appendix III to the 19th Report of the Public Accounts Committee (4th Lok Sabha) 1967-68]

Further information desired by the Public Accounts Committee vide Lok Sabha Secretariat D.O. No. 2(1)/53/68/PAC dated 24-10-68.

Please furnish a Note stating the Progress made in Modernising the System of Inventory Control and to extend Computerised control in Ordnance Depots in the army and other services on the basis of Pilot Project Study of Inventory Control in the Central Ordnance.

Action taken

With reference to para 2 of the Defence Ministry's note No. 12(2)/68/D(O.I), dated 7th August 1968 forwarded to the Lok Sabha Secretariat under Ministry of Defence O.M. No. F. 11(2)/68/D(Budget), dated 12-8-1968 in connection with the recommendations made by the Public Accounts Committee at serial No. 14 in Appendix III to their 19th Report (4th Lok Sabha), further developments of the case are indicated in the subsequent paragraphs.

Equipment

2. Technical scrutiny of the offers received from the trade for the equipment for carrying out a Pilot Project Study on inventory control in the Cen-

Central Ordnance Depot, Delhi Cantt. based on Electronic Data Processing System has been completed by a Technical Board of Officers. Based on the recommendations made by the Board, Central Ordnance Depot, Delhi Cantt. have placed on 27th November 1968 an order on M/s. International Computers (India) Private Limited, New Delhi for the hiring of the requisite equipment.

Staff

3. Recruitment rules in respect of Key Punching Operators and Verifiers have been approved by Government. As regards Programme Assistants, recruitment rules are under examination by the UPSC.

Accommodation

4. Firm estimates for the construction of the required accommodation are being finalised by the MES Authorities on an immediate basis.

System Analysis

5. The first phase of system analysis has already been taken in hand by the Army authorities.

6. D.A.D.S. has seen.

[File No. 12(2)/68/(O.I.) Dated 19-12-1968]

Recommendation

The Committee observe from Government's reply that there was a discrepancy in the number of jeeps programmed to be discarded on the basis of the age formula even assuming that they had completed the prescribed mileage by that time in as much as the number of jeeps of 1961 vintage and earlier was no more than 8706 against the contemplated disposal of 10,270 jeeps by 30th September 1966. The Committee are unable to appreciate how such a gross mistake could occur in preparing an important programme of disposals and replacement and desire that responsibility for it should be fixed. The Committee need hardly add that suitable measures should be taken to ensure that the programme for disposals is prepared with the utmost care on the basis of factual data.

The Committee note that, as a result of measures recently taken, 23,985 vehicles out of 28,060 vehicles discarded upto September 1966 had been disposed of. According to the discard programme similar number of vehicles will soon come up for disposal. In view of the large number of vehicles declared for disposal, the Committee expect Government to ensure that the disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government. The Committee stress the importance of taking early action to dispose of M.T. spares worth Rs. 15 crores which were awaiting disposal on 31st July, 1967.

According to the new discard policy, 1-tonner, GS 3-tonner, jeeps and motor-cycles will be discarded after a specified number of years irrespective of the mileage performed. It is possible that an appreciable number of vehicles, particularly those kept in reserve, may not have done enough mileage. The Committee would, therefore, like Government to examine

whether such vehicles should not be offered in the first instance to other Government departments and Public Undertakings before disposing them of through the D.G.S.& D.

[S. No. 17 (Para 2.40, 2.41 and 2.42) of Appendix III to P.A.C.'s 19th Report (Fourth Lok Sabha) 1967-68]

Action taken

Point No. 1

The first point mentioned in the aforesaid recommendation is that the proposal submitted to the E.C.C. in the matter of discard of jeeps estimated that the vehicles which are likely to become due for discard by 30th September 1966 would be 10,270. The PAC has observed that there were only 8,706 jeeps of 1961 vintage and earlier and accordingly only 7806 jeeps would have become entitled for disposal even if each of them had completed the prescribed mileage. The P.A.C. has accordingly observed that they are accordingly unable to appreciate how such a gross mistake could occur in preparing an important programme of disposals and replacement and desire that responsibility for the same should be fixed.

2. The position has been ascertained from the Section which dealt with the matter at that time and the position is reported as follows :—

3. A paper on Provision Review for 5 Cwt. 4×4 Jeep type vehicles was prepared in October, 1963, and placed before the Munitions Committee. The paper provided for replacement of a Jeep on completion of 5 years of life or on completion of 30,000 miles or on reaching stage of complete overhaul/rebuild whichever came earliest.

4. A statement* was also annexed to the paper indicating the position of the then existing fleet, anticipated intake, discard etc. It will be seen from the statement that vehicles of 1962 vintage and a portion of 1963 vintage had been included for discard before completion of 5 years of life.

The only obvious explanation for this is that these new vehicles which were mostly issued to Divisions facing the Chinese in border areas were expected to complete 30,000 miles or reach overhaul stage prior to normal life of 5 years in view of (i) the extensive use to which these vehicles were likely to be put and (ii) the hilly terrain would involve more than normal wear and tear. The inclusion of certain vehicles for discard before completing 5 years life appears to be intentional. Full details of vehicles and their age were available when the paper was drafted.

5. The Munitions Committee, however, decided that apart from the discard at overhaul stage the other discard should be on completion of 5 years or 30,000 miles whichever is later.

The above decision was incorporated in a consolidated paper for E.C.C. covering both 3-ton vehicles and Jeeps. The same annexure as in the paper which was put up to the E.C.C. This paper indicated the programme for provisioning of new vehicles and discarding of old vehicles. Perhaps the officers did not consider it necessary to modify the annexure taking into account the change in the proposals effected by the Munitions Committee and assumed that the majority of the vehicles issued to units facing Chinese would still qualify for discard before completing 5 years of life on account

*Not printed.

of their reaching overhaul stage due to usage in difficult terrain and they might not have considered it necessary to revise the figures of anticipated discard so as to exclude vehicles which would not have completed the prescribed life by the relevant dates. It is, however, pertinent to note that in the assessment incorporated in para 8 of the paper to the E.C.C. reads as under :—

“8. Reference to Annexure ‘B’ will show that of about 16,000 jeeps in service over 5,000 are more than 14 years old, as many as 8,000 were obtained in 1962 and 1963 and that it will be possible to discard all pre-1948 vehicles before March 1964 and all 48 to 51 models by September 1964. Thus, by end of 1965 or beginning of 1966, the Army will have practically its entire fleet of 3-tonners and jeeps consisting of vehicles less than 5 years and majority of them only 2 to 4 years.

6. It would also appear that the paper/proposals had been drafted and amended after personal discussions at various levels and it is not possible to pin point responsibility on any particular officer at this stage.

7. The proposal/programme drawn up were only based on certain conditions then prevailing and estimate made. The fact that in actual practice the discard programme proposed could not materialise and that a revised discard policy was later evolved would show that certain conditions assumed did not materialise and that Government was alive to the need to base the policy on more realistic considerations.

8. In the circumstances, it is felt that the question of “fixing responsibility” need not be pursued.

Point No. 2

9. The Public Accounts Committee have desired that suitable measure should be taken to ensure that the programme for disposals is prepared with the utmost care on the basis of factual data.

10. The Ministry is in entire agreement with the observation and the utmost care is being taken in preparing the programme for disposals. It will, however, be appreciated that the provisioning programme is settled three to four years in advance of the desired delivery dates in the light of the demands/indents already placed and the discard likely to take place. The position is however reviewed from year to year with a view *inter alia* to make such modifications in the earlier demands/indents as may be necessary and possible. It will also be appreciated that the total requirement of vehicles may itself undergo a change in the light of the Composition Tables and the scale of entitlement. Further, while every care is taken to anticipate intelligently the likely discards in accordance with the discard policy, the actual discards may somewhat vary from what is anticipated. In spite of the various fluctuating factors, every effort is being made and will be made to safeguard against excess provisioning of vehicles.

Point No. 3

11. The Public Accounts Committee has observed that they expect Government to ensure that disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government. The Committee has further stressed the importance of taking early action to dispose of the MT spares worth Rs. 15 crores which were awaiting disposal on 31st July 1967.

12. Government is in full agreement with the observations and recommendations made by the Public Accounts Committee. Every care is taken to ensure that the surplus spares in respect of the obsolescent and obsolete makes of vehicles are also declared to the DGS&D as soon as the vehicles in question are declared. As far as possible, the spares retained in respect of the obsolescent makes of vehicles are restricted only to the items likely to be required in respect of the vehicles of those makes still in service. This is with a view to assist the purchasers of obsolescent and obsolete makes of vehicles to purchase and utilise the spare parts also if they so desire. The observation of the Committee that Government should ensure that the disposal of the vehicles as also of the spares is so arranged as to fetch the maximum return to Government has also been brought to the notice of the DGS&D who are responsible for taking the necessary action in the matter of disposal once the vehicles and the stores are declared to them.

13. As regards the MT spares, the comparative position as on 1st August, 1967 and on 1st July, 1968 is as follows :—

	(Rs. in lakhs)
(a) Book value of MT spares awaiting disposal as on 1 Aug. 1967.	1705.85
(b) Book value of MT spares declared between 1-8-67 to 30-6-68.	2236.94
(c) Book value of MT spares disposed of by DGS&D between 1-8-67 to 30-6-68.	1603.71
(d) Book value of MT spares awaiting disposal by the DGS&D as on 1-7-68.	2339.08

14. It will thus be observed that during the period from 1st August, 1967 till 30th June, 1968, MT spares worth more than Rs. 16 crores have been disposed of by the DGS&D.

Point No. 4

15. The Committee has desired Government to examine whether vehicles declared to the DGS&D which have not done appreciable mileage on the date of discard are offered in the first instance to other Government Departments and various public sector undertakings before disposing them of through DGS&D.

16. In the above connection, it may be mentioned that the DGS&D maintain a list of priority indentors who include the various Central Government Departments, the State Governments and various public undertakings. The DGS&D in turn consults the priority indentors who, in his opinion, are likely to be interested in the acquiring of the stores before putting up the stores to auction. However, the observations of the Committee have been forwarded to the Department of Supply for appropriate action.

[M. of D. O.M. No. 11(2)/68/D (Budget), dated 24-9-68]

Further Information

Question (i) It is noted that the book value of MT spares awaiting disposal as on 1st July 1968 was Rs. 2339 lakhs as compared to Rs. 1705 lakhs as on 1-8-67. Please state the measures taken to speed up the disposal of MT Spares.

(ii) Please also indicate the efforts made to get the maximum value by disposal of MT spares.

Reply of Government

Both these matters pertain principally to the Department of Supply and the DGS&D. The Department of Supply has been consulted and they have stated as follows :—

“The bulk of the MT Spares are stocked at C.O.D. Dehu Road. These have accumulated there for want of bids of suitable prices. As on 31-7-68, the book value of M. T. Spares at Dehu Road was Rs. 2014.79 lakhs. An Inspection Team consisting of the representatives of the DGS&D and the Ministry of Defence visited Dehu Road in January 1968 to streamline the procedure for the disposal of the stores. One of the suggestions made was that non-attractive or slow moving items be combined with attractive or fast moving items and sold as one lot in order to effect speedy disposal and obtain better realisations. The Director of Supplies and Disposals, Bombay, has advised that this experiment was tried and has proved a success. Accordingly, he is putting up M.T. stores of a book value of Rs. 3 crores every month and selling stores of a book value of more than Rs. 1 crore. As the accumulation is heavy, it will take some time before the backlog is cleared, but every endeavour is being made to liquidate the stores as soon as possible. The question of obtaining the maximum value of disposal items is governed by the normal economic relation between supply and demand. When there is a very large quantity of spares available for disposal, the DGS&D find it difficult to obtain better prices. By spacing the auction programmes at longer intervals, it becomes possible to sustain the interest of the prospective purchasers and to obtain a reasonable price. On the other hand, such a policy invariably delays the disposal of the surplus items.”

Question (iii) It is not clear from para 16 of the action taken whether the vehicles particularly those kept in reserve which have not done enough mileage but are discards because of completion of a specified number of years are offered in the first instance to other Government Departments and Public Undertaking before they are disposed of in the routine manner by the DGS&D. This may be clarified.

Reply of Government

The reserve vehicles are issued from the Depots on the basis of “first in first out”. The vehicles in reserve cannot accordingly, have occasion to remain in Depots unissued for a long time. Normally the vehicles kept as reserves are issued within a few months, and their places in reserve taken by the fresh arrivals.

There would, however, be vehicles which become eligible for discard by completion of the maximum life although the prescribed mileage may not have been performed. The query whether such vehicles are offered in the first instance to priority parties is again a matter which concerns principally the Departments of Supply and the DGS&D. Their remarks have been obtained and are reproduced herein below :—

“Although a list of priority indentors is maintained by the DGS&D, no prior reference is made to them for vehicles because the Screening

Board consisting of the Director (Disposals), C.L.O. (Defence), Deputy Director Coordination and the representative of Finance who screen all surplus reports do not consider it necessary to refer these to priority indentors as in their opinion these may not be of any interest to them because of their condition etc. A wide publicity is given to the disposal auction programmes. Government Departments and public undertakings can always approach the DGS&D with their demands before the proposed auction dates. Experience has shown that the offtake by Government Departments and public undertakings is very limited as compared to public demands. However, where an indentor selects a particular vehicle and places a demand on the Director General of Supplies, steps are taken to release the vehicle expeditiously and, if it is scheduled for auction, it is withdrawn."

[M. of D. O.M. F. 11(2)/68/D(Budget), Dated 20-1-69]

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

3. The Committee would urge on Government the necessity for the early conclusion of measures to improve financial accounting in regard to the speedy adjustment of Customs Duty on defence stores. The Committee are glad to note that the Ministry of Defence have taken certain steps to obviate delay on their part in the adjustment of Customs Duty. The Committee would like to watch the results of the implementation of the corrective steps through future Audit Reports.

As regards Grant No. 12—Defence Services, Effective—Navy, the Committee hope that the contemplated improvements in the preparation of estimates would be effective early.

Subject to the observations made above, the Committee recommend that excesses under Grant No. 11—Defence Services, Effective—Army, Grant No. 12—Defence Services, Effective—Navy and Grant No. 117—Defence Capital Outlay may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

[Serial No. 3 of Appendix III to the 19th Report of the Public Accounts Committee (4th Lok Sabha)]

Action taken

The recommendation of the Committee has been noted. The various measures undertaken in the matter had already been explained, in detail, to the PAC. The question of improvement in the preparation of estimates in respect of Grant No. 12—Defence Services, Effective—Navy is under consideration in consultation with Ministry of Finance (Defence) and the PAC will be informed as soon as a decision is taken in the matter.

Certain revised proposals regarding the rationalisation of the procedure of adjustment of Customs Duty are now under consideration of the Government.

[M. of D. O.M. No. 11(2)/68/D(Budget), Dated 10-10-1968]

Sr. No. 3. Please furnish a note showing :—

- (a) Improvements effected in the procedure of preparation of estimates in respect of grant relating to Navy;
- (b) Rationalisation of the procedure for adjustment of customs duty and a copy of the instructions issued in that behalf.

Reply of Government

(a) The matter is still under consideration of Government, in consultation with the Indian Naval Adviser, London.

(b) The question regarding rationalisation of procedure for adjustment of customs duty is still under consideration of Government. The Public Accounts Committee would be intimated when a final decision is taken.

Sd/-

[Ministry of Defence U.O. No. 11(2)/68/D(Budget), Dated 25-1-1969]

Recommendation

The Committee hope that the Ministry of Defence will take suitable steps to get quickly the replacements for the deficient components or the refund of the money from the suppliers in accordance with the terms of the contract. The Committee would like to know the final result.

[Sl. No. 13 of Appendix III to the 19th Report of the Public Accounts Committee (4th Lok Sabha)—1967-68]

Action taken

The claim for the supply of the deficient components for tank fuel right and tank fuel left was taken up by ISM Washington with the supplying firm on 20th April 1965. The last letter addressed to the supplying firm by ISM Washington is dated 15th November 1967 wherein the firm have been requested to settle the discrepancy immediately.

2. On 8th April 1968, ISM Washington have reported, *inter alia*, that no reply has been received from the supplying firm to their letter dated 15th November 1967. ISM Washington have further intimated that the supplying firm in earlier communications have been maintaining that correct supply had been made according to the US Army drawings.

3. In view of the stand taken by the firm, a reference was made to the Ministry of Law on 26th April 1968 for their advice as to the further course of action that should be taken by ISM Washington in pursuing the Government's claim against the supplying firm. The Ministry of Law on 18-6-1968 have stated that before taking a final decision in the matter, it may be advisable to ascertain the approximate value of the parts found deficient, the probable cost of litigation in the U.S.A. and whether the claim is within time according to the law of Missouri.

4. The information called for by the Ministry of Law has been collected and reference is being made to that Ministry for their considered view in regard to the further course of action that should be taken by ISM Washington in pursuing the Government's claim against the supplying firm.

5. Under the above circumstances, it would not be possible for the Government to finalise the reply to the recommendation made by the Public Accounts Committee at Sl. No. 13 in Appendix III to their 19th Report (4th Lok Sabha) within the prescribed time limit of 6 months from the date of presentation of the report to Parliament. A further report will be submitted to the Public Accounts Committee as soon as possible.

6. DADS has seen.

[M. of D. File No. 12(1)/68/D(O.I.) dt. 28-8-1968]

Recommendation

2.84. The Committee are unhappy to note that the Competent Engineering Authority accorded the Technical Sanction for the work without either working out any detailed design for the work or checking up thoroughly the design submitted by the contractor, with the result that one of the reservoirs collapsed when brought into use in September, 1965. The Committee cannot escape the conclusion that the Competent Engineering Authority construed the Technical Sanction as merely a formality before undertaking the work. The Committee expect the Engineer-in-Chief to ensure that the authorities concerned accord Technical Sanction only after a careful consideration of the design and specifications. Serious notice should be taken if the standing instructions about a careful scrutiny of the design before the according of Technical Sanction are not strictly followed by an Engineering authority.

2.85. The Committee note that, in the present case, the person primarily responsible for the default has been removed from service for some other defaults.

2.86. The Committee would like to be informed of the recovery of Rs. 1.05 lakhs from the contractor in this case.

[Sl. No. 21 of Appendix-III Paras Nos. 2.84 to 2.86 of the Nineteenth Report (1967-68)—(Fourth Lok Sabha) of P.A.C.]

Action taken

(2.84) The observations of the Public Accounts Committee have been noted.

2. It is agreed that Technical Sanction for this particular work was accorded by the Competent Engineer Authority without working out detailed design or checking up thoroughly the design submitted by the contractor and that one of the reservoirs collapsed due to faulty design. As the work was proposed to be carried out based on the contractor's design, the Technical sanction should have been accorded after the competent Engineer Authority was satisfied with the soundness of the design and specifications offered by the contractor, on receipt of the tenders. It has now been decided that in future tenders for all building works (excluding specialist works) should normally be invited on the basis of the M.E.S. design which should be thoroughly checked and technically sanctioned before issue of tender documents to contractors. Suitable remedial instructions regarding the above aspects have been issued by Engineer-in-Chief to Chief Engineers *vide* letter Nos. 89343/E2-Planning and 16799/Genl/E8 dated 25/29th April and 17th May 1968 respectively (copies enclosed).

3. (2.85) It is correct that, in the present case, the person primarily responsible for the default has been removed from service for some other faults.

4. (2.86) The progress on recovery of Rs. 1.05 lakhs from the contractor has been called from Chief Engineer and will be intimated to the P.A.C. in due course.

5. DADS has seen.

[M. of D. U.O. No. 15(6)/68/863-S/D(W-II) dated 6-7-1968]

Copy of Army HQs, E-in-C's Branch letter No. 89343/E2 Ptg dated 25th, 29th April, 1968 addressed to all Chief Engineers etc.

SUBJECT :—*Technical Sanction.*

In connection with discrepancies in the design of certain overhead reservoirs and storage sheds, the Public Accounts Committee have adversely commented that the competent Engineer authorities construed technical sanctions merely as a formality before undertaking work, and accorded such technical sanctions without either working out any detailed design or checking up thoroughly the designs submitted by the contractors. In one case, this resulted in the collapse of one reservoir when brought into use. In another case, details of accessories to the reservoir were not indicated and in the case of storage sheds, the designs prepared by the contractor which were accepted with some modifications, were still found to be defective.

2. The above shows that, at times, adequate technical scrutiny is not carried out before according technical sanctions. *Vide* Para 14(c) of MES Regulations and Paras 2, 26 and 28 of Works Procedure. Technical Sanction is to be accorded by the competent Engineers authority, before issue of tender documents to ensure among other factors, the following broad objectives :—

- (a) The design and specifications are in accordance with sound engineering practice and fulfil the object in view, and estimates are accurately calculated and based on adequate data, and the cost is economical compatible with structural stability.
- (b) The estimate represents the probable cost of the execution of the work as accurately as possible at the time it is prepared and remains within the laid down limits of Administrative Approval.
- (c) The items of works technically sanctioned are within the general specifications and scope of work as per Administrative Approval.

3. In view of the foregoing, the competent Engineer authority is duty-bound to satisfy himself, among other things, that design and specifications reflected in the Costed Schedule of Works are sound, economical and complete in details, before he accords any technical sanction.

4. Please, therefore, issue suitable instructions to all concerned in this respect.

5. Please acknowledge.

Sd/-
for *Engineer-in-Chief*

Copy of Army HQs, E-in-C's Branch letter No. 16799/Gen/E8 dated 17th May 1968, addressed to all Chief Engineers etc. etc.

SUBJECT :—*Tenders Based on Contractors' own Design*

Ref. this HQ letter No. 89343/E2 Ptg dated 29th September, 1967.

The policy regarding invitation of tenders on the basis of contractors'

own design has been reviewed. It has been decided that in future tenders for all building works including ROC or other Reservoirs (whether overhead or otherwise), RCC framed buildings and normal steel structures shall normally be invited on the basis of MES Designs which shall be thoroughly checked and technically sanctioned before issue of tender documents to contractors.

2. Tenders based on contractors' own designs shall normally be restricted to specialist works, such as :—

- (a) Pile foundations
- (b) Air Conditioning
- (c) External Elecertification (HT/LT Switchgear)
- (d) Sewage disposal plants
- (e) Water purification plants
- (f) Lifts
- (g) Complicated steel structures
- (h) Prestressed concrete structures
- (j) Other specialist work certified as such by the Chief Engineer concerned.

3. In respect of (g), (h) and (j) referred to in para 2 above and any exceptions in respect of works mentioned in para 1 above shall, however, have prior permission of this HQ before tendering based on contractor's own design is resorted to.

4. Tenders for works mentioned in paras 2 & 3 above shall, on receipt, be thoroughly scrutinised technically in accordance with instructions contained in Appendices 'A' and 'B' to this HQ letter No. 16799/Gen/E8 dated 7th July 1967 so as to ensure that the proposals are structurally sound. The tender shall be accepted only after the authority competent to accept it is satisfied about the design and specification offered by the contractor and proper technical sanction for the same has been accorded by that authority.

5. A copy of this letter is being sent direct to CsWE and GEs (Indep).

Sd/-
for Engineer-in-Chief

Further Information Desired

Sl. No. 21—Please intimate the progress made in the recovery of Rs. 1.05 lakhs from the Contractor for the work done at his risk and expense.

Reply

As the disputes between the Department and the Contractor have been referred to Arbitrator, further action towards recovery of Rs. 1.05 lakhs from the Contractor will be taken after the arbitrator's award is published. The Arbitrator has fixed the date of hearing as 16/17 December, 1968.

2. DADS has seen.

[M. of D. U.O. No. 15(6)/68/10038 D(W-II), dt. 1-1-1969]

Recommendation

(2.123) The Committee hope that, except for cases under arbitration and pending in the Courts, the Military Engineer Services authorities will take adequate steps to effect recoveries from contractors of the balance of Rs. 1.41 lakhs of overpayment.

[Sl. No. 24 of Appendix III—Para No. 2.123 of 19th Report (1967-68)—(4th Lok Sabha) of the PAC]

Action taken

2. (2.123) Necessary instructions have also been issued by the E-in-C's Branch to the Chief Engineers *vide* letter No. 87249/E2A, dated the 5th April, 1968 (copy enclosed) asking them to make concerted efforts to effect recoveries from the contractors of the balance of Rs. 1.41 lakhs of overpayment. Progress on recoveries is awaited from the Chief Engineers and will be intimated to the Committee in due course.

3. DADS has seen.

[M. of D. u.o. No. 15(5)/68/1094-S·D(W-II) dated 30-8-1968]

Further Reply

2. With regard to the progress made towards recoveries from the contractors of the balance amount of Rs. 1.41 lakhs of overpayment mentioned in para 2 of our above cited u.o. Note, it has been reported that an amount of Rs. 43,306 has since been recovered from the contractors thereby leaving a balance of Rs. 97,694 which is yet to be recovered. The need for expeditious recovery of the balance amount has been stressed on the Chief Engineers *vide* E-in-C's Branch letter No. 87249/E2A, dated 28th October 1968 (copy enclosed without Appendix 'A' to the letter).

3. DADS has seen.

[M. of D. u.o. No. 15(5)/68/9463/D(W-II) dated 5-12-1968]

Copy of Army HQs, E-in-C's Branch letter No. 87249/E2A, dated 5th April 1968 addressed to Chief Engineers, All Commands, etc.

SUBJECT :—*AUDIT REPORT (DS) 1967—Para 39—Technical Examination of contracts and works—PAC Recommendation.*

REFERENCE :—*CE SC letter Nos. 50314/E5 dated 8th September 67 and 21st Nov. 67. CE EC letter No. 135403/243/60/Engrs/E5 dated 11 Aug. 67. CE WC.*

(a) E-in-C's Branch letter No. 87249/E2A dated 15 Sep. 67.

(b) CE Delhi Zone letter No. 550061/IX/59/E5A dated 21 Sep. 67.

(c) CE NWZ letter No. 55122/NWZ/65/E5 dated 21st Sep. 67.

CE CC letter No. 950403/254/311/E5 dated 2 June 67.

The Public Accounts Committee on consideration of the above para has directed that except for cases under Arbitration and pending in the courts,

Military Engineering Services should take adequate steps to effect recoveries from the contractors.

2. CEs are therefore, requested to make concerted effort to effect recoveries from the contractors. The position as on 30 Apr. 68 may please be intimated so as to reach this HQ by 15 May 68. For cases still outstanding, reasons for delay should be suitably explained. The report should cover all cases including those pending in court under arbitration.

for *Engineer-in-Chief*

Copy of Army HQs, E-in-C's Branch letter No. 87249/E2A dated 28-10-1968, addressed to list A and B.

SUBJECT :—*AUDIT REPORT (DS) 1967—Para 39—Technical Examination of Contracts and Works—PAC Recommendation.*

Reference this HQ letter No. 87249/E2A dated 5th April 1968 and your replies thereto.

Reports received from the Chief Engineers show that only a sum of Rs. 43,306 has so far been recovered from the contractors out of the total outstanding amount of Rs. 1.41 lakhs. The Command-wise break down of the amounts still to be recovered is given in Appendix 'A'* enclosed.

2. As Ministry is pressing for expeditious recovery and liquidation of all outstanding, CEs are requested to make concerted efforts to effect recoveries from the contractors. The latest position in this regard may please be intimated so as to reach this HQ by 10th December, 1968.

Sd/-

Col.
for *Engineer-in-Chief*

*without Appendix

NEW DELHI;
April 28 1969

M. R. MASANI
Chairman,
Public Accounts Committee

Vaisakha 8 1891(S)

APPENDIX I

Summary of main conclusions/recommendations (51st Report Third Lok Sabha).

S. Para No. Ministry/ No. of Department Report concerned	Conclusions/Recommendations
1. 1-6 Ministry of Defence	In view of the findings of the High-Powered Committee set up by Government pursuant to observations in para 2-81 of the Fifty-First Report (Third Lok Sabha), this Committee do not wish to pursue these matters further. The Committee would, however, like to point out that since 1959, all the imported stock of mules have been procured from only one supplier. The Committee note in this connection from the information furnished in reply to a question answered in Lok Sabha on 16th April, 1969 that internal sources of supply, also exist and that these are being utilised. The Committee hope that these would be progressively developed to meet all the requirements of the Defence Services.

APPENDIX II

Summary of Main Conclusions/Recommendations (19th Report 4th Lok Sabha)

S. No.	Page No of Report concerned	Ministry/ Department	Recommendation
1.	2-7	Ministry of Defence	The Committee hope that as a result of various measures taken by Government, finalization of pension cases of Defence personnel will be expedited. The endeavour of Government should be to ensure that an employee gets his pension as soon as it falls due for payment after retirement.
	2-8	Do.	The Committee note that while in the case of officers and personnel of the Army and Air Force, there is a system of periodical verification of service records, in the case of Navy the verification of the entire service records of the officers and sailors is undertaken by the Controller of Defence Accounts (Navy) only at the time of the retirement/discharge of the individual. This cannot be considered a satisfactory arrangement and it is bound to delay finalisation of cases. The Committee desire that a suitable procedure should be devised immediately to ensure that service records of Naval officers and sailors are verified periodically so that the delay in grant of pensionary benefits to them is eliminated.
2.	2-10	Do.	The Committee are glad to note that out of 1798 pension cases outstanding upto the year 1965-66, only 177 cases are yet to be finalised. The Committee desire that these hard cases should be finalised early.
	2-11	Do.	The Committee also suggest that Government should analyse the reasons for delay in finalisation of pension cases, and take further necessary steps to ensure that pension is paid to the employee as soon as it falls due for payment after retirement or to his family immediately after the employee's death, but not later than three months.
3.	2-18	Do.	The Committee hope that the work on the pilot project study on inventory control in the Central Ordnance Depot, Delhi Cantt, will be speeded up. In the light of the results of the pilot study, Government may also consider the extension of the systems to other Defence Depots in the interests of rationalisation and economy through modern techniques of provisioning and stores control.
4.	2-22	Do.	The Committee note the measures taken to effect speedy disposal of M.T. Spares and obtain better realisations. Considering the large number of M.T. Spares declared surplus every year, the Committee desire that the procedure should be kept under review with a view to streamlining it further. The Committee note the difficulty of the Director General, Supplies and Disposal in obtaining better prices in auctions because of large quantity of spares available for disposal at the same station and the steps taken to bulk during auctions, the attractive and non-attractive items secure better realisation. The Committee suggest that with a view to effecting speedy disposal of spares and obtaining better prices, Government may also examine the feasibility of their disposal in other important stations as well, where there may be greater demand for such spares, if such a course is likely to be of advantage taking all relevant factors including the expenditure on freight and handling into account.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI			34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
24.	Jain Book Agency, Connaught Place, New Delhi.	11	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	36.	Hind Book House, 82, Janpath, New Delhi.	95
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	MANIPUR		
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	AGENTS IN FOREIGN COUNTRIES		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	39.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych LONDON, W.C.—2.	59
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27			
32.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66			
33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68			

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