

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

**SIXTY-THIRD REPORT**

(THIRD LOK SABHA)

[Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial), 1966 Relating to the Ministries of Transport and Aviation (Deptt. of Transport & Shipping) and Works, Housing and Urban Development]



**LOK SABHA SECRETARIAT  
NEW DELHI**

*November, 1966/Agrahayana, 1888 (Saka)*

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<u>Page</u>	<u>Para</u>	<u>line</u>	<u>For</u>	<u>Read</u>
6	1.19	3	fulfil	fulfill
6	1.20	17	And	and
10	1.37	3	letter	letter
13	1.52	2	not	no
17	1.64	1	10,2	10 to 12
20	1.84	5	emboriled	embroided
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40		1	insert para 2.62	
53	2.111	10	somewhereelse	some where else
67	2.162	21	for	of
70	2.171	3	Works	Works,
72	2.178	3	action	action taken
80	2.209	1	Government	Government of
106	S.No. 10	2	Rs 1:22 lakhs	Rs.1.22 lakhs
111	Sl.27	Col.2	Add 2.29	
		Col.4	Add The Committee desire that the question of recovery of rent for additional construction should be finalised early and Committee informed about the recovery so made.	

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Minutes of the sittings of the Public Accounts Committee held on the 1st, 2nd, and 3rd September, 1966, 24th November, 1966.

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(1966-67)

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**SECRETARIAT**

- Shri H. N. Trivedi—*Deputy Secretary.*
- Shri R. M. Bhargava—*Under Secretary.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-third Report on the Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial), 1966 in so far as they relate to the Ministries of Transport and Aviation (Department of Transport, Shipping and Tourism) and Works, Housing & Urban Development.

2. The Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1965 were laid on the Table of the House on the 15th March, 1966 and Audit Report (Commercial), 1966 on the 17th May, 1966. The Committee considered these at their sittings held on 1st, 2nd and 3rd September, 1966. The minutes of these sittings form part of the Report (Part II) \*.

3. The Committee considered and finalised the Report at their sitting held on the 24th November, 1966.

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

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

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

NEW DELHI;  
November 25, 1966.  
Agrahayana 4, 1888 (Saka).

R. R. MORARKA,  
Chairman,  
Public Accounts Committee.

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## CHAPTER I

### Audit Report (Civil), 1966

#### MINISTRY OF TRANSPORT AND AVIATION

(Department of Transport, Shipping & Tourism)

#### *Unnecessary payment to a contractor—Para 72, pages 81-82:*

The work of the construction of a bridge over the river Bhagirathi at Berhampur was entrusted in November, 1960 to a firm on a 'lump sum' contract basis for Rs. 22.18 lakhs; the work was scheduled to be completed by 31 August 1963, provided there were no hold-ups beyond the content of the contractor.

1.2. In February, 1963, when only 37 per cent of the work (in terms of money value) had been completed in 80 per cent of the allotted time, a supplementary agreement was entered into with the contractor for making the bridge traffic-worthy by 31 August, 1963 at an additional premium of Rs. 3.50 lakhs to compensate the contractor for additional labour, plant and equipment required for timely completion and to provide for additional staging and piling so that work would proceed even in the event of an early flood. The agreement provided *inter alia* that the payment of premium to the contractor would not be subject to completion of the work by the due date (31 August, 1963) but be made irrevocably, provided the contractor made a sincere endeavour to meet the target date and that no charge of incompetence or malafides could be attributed to him. The amount was paid in February, 1963.

1.3. In June, 1963 the Executive Engineer complained that no effective steps had been taken by the contractor since middle of May, 1963 to expedite the work in spite of repeated requests.

1.4. On 10 July, 1963 a portion of the bridge collapsed on account of floods, the value of which was estimated at Rs. 2.67 lakhs. Out of this, a sum of Rs. 1.14 lakhs was paid after the event. A technical committee appointed in August, 1963 to investigate into the causes of the collapse has not yet submitted its report and the bridge is still incomplete (September, 1965).

1.5. The Committee enquired how it was ensured by Government while entering into supplementary agreement in February, 1963 that

the contractor would be able to complete the remaining 63 per cent of the work in the balance 20 per cent of time allotted i.e. during the next 6 months (February, 1963 to August 1963). The Secretary of the Ministry stated that in view of the urgency caused by Chinese aggression, paying extra money of Rs. 3.5 lakhs was the only way in which the expeditious construction of the bridge could be ensured. At that time the matter was discussed with the contractor. The contractor gave a scheme which showed that the work could be completed by August, 1963. The bridge consisted of three very large spans. It was the largest span that was attempted in India in prestressed concrete. It was of 257 feet with two small side spans. The idea was to construct one span at a time, that is collecting the staging material and forms for one span, erect the staging materials from the bed of the river, then cast the concrete and move the staging materials and forms on to the next span at the other end. That was the original programme. When they wanted to expedite the construction, the contractor suggested that the staging material could be brought for two spans instead of one. By the time, the two spans would be completed, it was feared that the river would be in floods. It would not then be possible to erect the staging in the bed of the river for the middle span. It was, therefore, decided that launching trusses would be brought by the contractor. These were very big steel or aluminium structural girders by which a girder of prestressed concrete which weighed 100 or 200 tons could be easily taken across bodily and placed in position. Thus, they expected that work to be completed by August, 1963. That would have been possible if accident had not occurred to one of the spans. In reply to a question, the witness stated that the construction of the bridge was completed in the middle of July, 1966.

1.6. The Committee pointed out that as originally scheduled the construction of the bridge was to be completed by August 1963 and no extra payment was to be made. Even after paying extra amount of Rs. 3.5 lakhs it was not completed by August, 1963 and it was completed only in July, 1966. The witness stated that when they considered the question of making extra payment of Rs. 3.5 lakhs they examined the reason why the contractor was not in a position to complete the work as originally stipulated. There were certain reasons for delays over which he had no control. In the agreement itself the contractor had mentioned that this period was subject to delays beyond his control. For doing this work, the Government was to supply certain material such as high tensile steel which was used for reinforcement of superstructure. The witness added that they could not supply that steel till Feb.-March, 1963. The steel was imported



from Japan against DLF loans (not for this particular work). On receipt, it was found that it was not strong enough for the design strength allowed for the bridge. So, they had to get the steel from another source. The work was delayed on that account.

1.7. In reply to a question, the witness stated that according to the original condition of the contract, foreign exchange was to be released by them to the contractor for high tensile steel, sheeting material, pre-stressing equipment such as jack, anchor cones, etc. The amount estimated was £ 16,810. Then they found that they could give him steel which they were already arranging against DLF loans. After deducting for that item, the amount of foreign exchange required was £ 5,770. Even that amount was not released fully. He added that foreign exchange worth £ 4280 was released in two instalments one on 18th December, 1962 and the other on 10th January, 1963. The Committee pointed out that the contractor applied for the foreign exchange in June, 1961 and Government released it only in December, 1962 and January, 1963 and enquired the reason for this delay. The witness stated that it was cleared from various sections of the Ministries of Government of India and the time taken in the case was normal. In reply to a question, the witness added that for processing the case, six months were required. But normally it was found that the processing took much longer time because when foreign exchange was to be released every body was very cautious.

1.8. The witness admitted that there was delay in processing this case. There was a little delay in their Ministry but mostly the delay was in the process when it was referred to outside authorities e.g. Finance.

1.9. The Committee regret to note that even though the contractor finally applied for foreign exchange formally in June, 1961, the Ministry could get the foreign exchange only in December, 1962, and January, 1963 i.e. after 18 months. The Committee feel that this time of 18 months in getting the foreign exchange released was too long and it has cost the exchequer both extra money and time. They desire that the Ministry of Transport and the Ministry of Finance should look into the delays which have taken place at different stages and take suitable remedial measures.

1.10. The Committee enquired the reasons why the contractor applied late for the release of foreign exchange. The work was entrusted to the contractor in November, 1960 and he applied for foreign exchange in June, 1961. The witness stated that it was pointed out to the contractor that they could get the cones manufactured

within the country. So he did not ask for foreign exchange for this item initially. Then, the contractor said that he would require a certain special steel that was used in the cone. The witness added that the contractor had to make all these preliminary enquiries and find out market rates of various items before he could make his application. The Committee pointed out that those items were normal and usual and the contractor could have known this and applied in time.

1.11. The Committee desired to know, how many notices were given to this contractor by the Department so as to see whether he had carried out the prescribed percentage of work in each quarter as per the agreement. The witness replied that in this contract, from the very beginning the conditions were a little out of the ordinary. Here the whole foundations were to be sunk on wells. When the wells were being sunk, they came across artesian conditions. Water started bubbling up from the well. So the sinking of foundations in that condition became a little difficult and had to be proceeded with very cautiously. Naturally, it took more time. Secondly, unless the steel was arranged, the contractor would not be in a position to work the staging, otherwise floods would wash away everything. The contractor had to be assured of the supply of all the requisite material. The people at site knew that because of the conditions which were very difficult to over-come, the contractor was not in a position to proceed at a much faster pace.

1.12. In reply to a question, the witness stated that in the supplementary agreement entered into in February-March, 1963 with the contractor, they did not mention about the position of the delay which had occurred till then. He added that they examined that question and they were satisfied themselves that there had been delay due to reasons beyond the control of the contractor and that if they wanted to expedite the work, they might have to incur some extra amount if demanded by the contractor. They were quite hopeful in February, 1963 that the contractor would be able to complete the job by August, 1963.

1.13. On being asked whether the span collapsed due to some technical defect, the witness stated that "there must be some defect, otherwise it would not have collapsed". He added that there was no defect in the structure and design. The defect seemed to be in the temporary support which was to be removed. The technical Committee which was appointed to investigate the causes of the collapse had not yet given its report.

1.14. In reply to a question, the witness stated that they examined the design very thoroughly. They found no flaw in the design. They had reconstructed on the same design and the bridge was now being used.

1.15. On being asked whether the contractor had put in a substantial claim for the loss which he had suffered due to collapse of span, the witness stated that "the contractor has said that he has lost considerably on this. I don't think he has yet put in a proper claim." The Chief Engineer, West Bengal, added that recently the contractor had submitted an application to the Executive Engineer.

1.16. In reply to a question, the witness stated that it was not possible in November, 1962 to complete the bridge by August, 1963 under the normal contract. They also did not give steel and foreign exchange to the contractor. As regards justification for paying Rs. 3.5 lakhs, the witness stated that the contractor gave his estimates for the extra cost. It was examined and Rs. 3.5 lakhs was accepted by them. The witness added that unless they had paid Rs. 3.5 lakhs, the contractor would not have erected those additional centerings and if those additional centerings had not been erected the bridge would not have been completed.

1.17. In reply to another question, the Secretary of the Department stated that it was Governments' intention to examine very carefully the legal aspects of the case. The rights of Government and the liabilities of the Contractor would be very carefully scrutinised in consultation with the Law Ministry. If necessary, they would even take the solicitor-General's Opinion. And in the light of the report which would be submitted by the Expert (Technical). Committee which was set up to find out the reasons for this collapse, they would invoke the penalty clauses which were contained both in the original contract as well as in the supplementary agreement. They would recover whatever was due to them.

1.18. The Chief Engineer had told him that if the first collapse had not taken place for 24 hours, the project would have been ready for all purposes by August, 1963.

1.19. In reply to a question, the Director General (Road Development) admitted that the Executive Engineer had written letters expressing dissatisfaction on the progress of construction of the bridge before the collapse. The Executive Engineer, knowing that flood was coming, was very much upset. The Executive Engineer wanted to push the work through as fast as possible and pressed

the contractor to accelerate it to the maximum extent possible. The witness added that "he made demands which were altogether impossible to fulfil." In reply to another question, the witness stated that the Executive Engineer had not pointed out defects in the construction of this bridge. He was complaining about the progress, lack of labour, lack of more equipment and things like that.

1.20. The Committee pointed out that the supplementary agreement for the payment of additional premium of Rs. 3.5 lakhs provided that the payment of this amount would not be subject to the completion of work by the due date i.e. 31st August, 1963, but would be made irrecoverably; provided that the contractor made a sincere endeavour to meet the target date and that no charge of incompetence or malafides could be attributed to him. The Committee desired to know why such an unusual and vague clause was included in the contract and what was the justification for incurring the extra expenditure of Rs. 3.5 lakhs, since even with this additional payment, completion of work by the target date was not guaranteed. The witness stated that the contractor was no doubt promised to be paid Rs. 3.5 lakhs but there was another clause regarding paying penalty on non-completion of the bridge. Rs. 3.5 lakhs was really the cost of the work that he would do in erecting the temporary stage in the second span and also in bringing the launching truss etc. And, therefore, this amount had to be paid. The Committee desired that a comprehensive note on this para might be furnished. The note has been received and is at Appendix I.

1.21. The Committee are perturbed to find that due to delays on the part of the Department, Government had to pay an extra amount of Rs. 3.5 lakhs to the contractor to compensate him for completion of the bridge by August, 1963. They regret to note that in spite of this extra payment which was made to enable the contractor to complete the bridge in time, the due date of completion viz., August, 1963 could not be adhered to and the Construction of the bridge was completed only in July, 1966.

1.22. The Committee are also not happy with the wordings of the supplementary agreement entered into with the contractor. They are surprised that an unusual and vague clause regarding completion of the work was included in the supplementary agreement with the result that the completion of the bridge by the target date was not guaranteed even after a definite commitment to an additional payment of Rs. 3.50 lakhs.

1.23. The Committee would like to be informed of the penalty imposed/or compensation claimed from the contractor for delay in completion of work.

*Non-recovery of liquidated damages—para 73, pages 82-83:*

1.24. According to the terms of a contract entered into with a foreign firm in November, 1960 for the manufacture and supply of a dredger for the Kandla Port (cost Rs. 69.74 lakhs), the construction of the vessel was to be completed by June, 1962 and was to be delivered at Kandla by July, 1962.

1.25. The dredger was, however, delivered at Kandla only in September, 1963. Although it had been agreed through correspondence (prior to the finalisation of the agreement) between the firm and the Government that recovery would be effected from the contract price towards liquidated damages at 1/8 per cent per week for delay in the delivery of the dredger at Kandla beyond the stipulated date, no such condition was incorporated in the final agreement. The Ministry of Law held (September, 1963) that the provisions in the correspondence exchanged before the execution of the contract cannot prevail on the contract provisions.

1.26. The defective agreement resulted in non-recovery of liquidated damages amounting to Rs. 5.14 lakhs for delay in the delivery of the dredger.

1.27. The Committee desired to know whether any responsibility had been fixed for the defective wording of the contract and whether any legal advice was obtained before finalising the terms of the formal contract. The Secretary, Deptt. of Transport, stated that as far as the Transport Ministry was concerned, they took all possible precautions for inclusion of the penalty clause when the contract was drafted. Secondly, discussions were started with the foreign firm and in the negotiations with the firm, they stipulated the penalty clause and in the exchange of letters this was confirmed by the firm. Thirdly, they sent this clause for examination to the Technical consultants. They examined it and then they sent it to the Ministry of Law for their scrutiny. The Law Ministry also examined it and what emerged as a result of this scrutiny was the document which was then signed by the Transport Ministry. Whatever possible precautions had to be taken were taken as far as the Transport Ministry was concerned. He added that they had not lost anything by the omission of that clause.

1.28. In reply to a question, the witness stated that in the contract which was signed, there was some error or omission. Clause 12 which related to the delivery of the vessel at Kandla was not mentioned. Penalty clause 20 should have been recited in the contract. It only spoke about clause 10 and not clause 12.

1.29. The Committee enquired the stage at which the mistake was committed. The witness stated that the Technical Consultants did not make a mention of this. He added that the Law Ministry vetted the contract and in the contract, unfortunately this omission was not noticed. It was a typographical mistake. Clause 20 referred to both the deliveries-delivery of the vessel in Kandla and acceptance of the vessel on trial. Those two stipulations were clearly mentioned. In the penalty clause they had merely to recite clauses 10 and 12. Instead of clauses 10 and 12, only clause 10 had been recited.

1.30. The Solicitor, Ministry of Law, stated that in the original draft, there was clause 10 which provided for damages for delay in construction as well as for delay in delivery of the vessel. Clause 10 was divided into parts and when that draft was sent by the Transport Ministry to the consultants, the consultants there re-arranged that clause. They divided that clause 10 into clauses 10, 11, 12, 13 and 14. When they re-drafted clause 20, they put the damages for delay in construction and delay in delivery. The witness added that he thought that clause 10 was the original clause which dealt with both types of deliveries. When they sub-divided clause 10 into clauses 10, 11, 12 and 13, probably, the other clause was lost sight of by them.

1.31. In reply to another question, the witness stated that in the original draft damages both for delay in construction and delivery were mentioned. The heading also mentioned damages for delay in construction and delivery only as mentioned in clause 10 and not clause 12. That omission was not noticed either by the Transport Ministry or the Law Ministry.

1.32. Asked why it took 13 months for the dredger to reach Kandla from Holland, the Chief Engineer, Kandla Port, stated that the dredger was ready in the shipyards in Holland and it left Holland on 6th June, 1962. It arrived in Bombay on 9th July and then after inspection at the dock, it came to Kandla on 20th July, 1962. There the contractor had to give trials. By 4th August all trials were completed except one which was the central suction pipe trial. This trial could not be completed because one gutter which

weighed 5-6 tons had to be removed before the track could be put on the suction pipe for the trial. In spite of 3-4 days efforts, the contractors could not remove it. The dredger was opened up and was re-assembled with the gutter section by the end of August and the beginning of September. It was ready for the trial which was completed the next day. There was some defect in the piston rods. Modifications were carried out to the dredger and in that a lot of time was taken. The dredger was accepted on 11th September, 1963.

1.33. The Secretary of the Department added that the acceptance was delayed on account of the fact that the firm itself had to carry out the necessary repairs and refits in order to make it acceptable according to specifications. Therefore, it took all this time. When it was found in a fit condition, they accepted it. The firm had to spend as much as Rs. 8-9 lakhs to set the dredger right.

1.34. In reply to a question, the witness stated that the dredger was working satisfactorily and its maintenance cost was normal.

1.35. The Committee pointed out that according to the audit para the Law Ministry was of the view that it was the contract that prevailed and not the correspondence. The effect of it was that liquidated damages amounting to Rs. 5.14 lakhs were not realisable. The Secretary of the Department stated that on a point which was purely a legal point, they would certainly abide by the decision of the Law Ministry. Here the opinions of the Transport and Law Ministries were somewhat different. The contract specifically recited that the correspondence was part of the contract, clauses 1 and 2 mentioned the documents which would be part of the contract and these included the exchange of letters. He added that in the supplementary agreement which was signed on 2nd February, 1963, they specifically mentioned that they had a right to liquidated damages and the firm had confirmed it. The firm was bound by it.

1.36. In reply to a question, the Solicitor, Ministry of Law stated that when this matter was considered about 3 years ago, the officer concerned appeared to have considered only the conditions of the contract because in his opinion he only mentioned conditions—the conditions on the basis of which the contract was supposed to be complete and any prior correspondence to that would not form part of the contract. He did not appear to have considered the correspondence. Of course, he referred to the correspondence but he referred to it in a manner as if it did not form part of the contract. He came to the conclusion that because all the correspondence was prior to the contract and not part of the contract and, therefore,

could not be considered. The Solicitor, Ministry of Law further stated that the opinion should have been given by the Ministry of Law on the whole contract. He added personally he felt that the claim for damage would lie and that he would reconsider it.

1.37. In reply to another question, the Secretary Department of Transport stated that on the basis of the contract, they had written a letter to the firm invoking Article I etc. to pay them liquidated damage.

1.38. The Committee regret to note that there was some error or omission in the contract in as much as in the penalty clause, clause 12 which related to the delivery of the vessel at Kandla was not mentioned. They would like the Administrative Ministries as well as the Ministry of Law to take suitable steps to ensure that such lapses in respect of legal documents do not occur in future. They are, however, glad to be assured in evidence that this omission will not stand in the way of recovery of liquidated damages from the firm. The Committee will like to be informed of the final position of recovery in due course.

1.39. The Committee also regret to note that the Ministry of Law did not examine the document (viz. agreement) as a whole and gave an opinion which was not based on the complete examination of the whole contract. Even the witness from the Ministry of Law admitted in evidence that personally he thought that a claim for damage would lie in this case and promised to reconsider the case. The Committee desire that the Ministry of Law should be more careful in examining the document and in giving their considered opinion.

#### BORDER ROADS ORGANISATION

*Deficiencies in spare parts of vehicles and equipment purchased from abroad—para 83, pages 93-94.*

1.40. Spare parts of vehicles and equipment purchased from a foreign country were despatched from the port of landing to a Base Depot under the Border Roads Organisation during the period September, 1960 to September, 1961. The stores, on arrival at the destination, were handled by different units in succession till September, 1961 when the Stores Section of a Base Workshop took over the responsibility for the receipt and accounting of the stores.

1.41. In October, 1961, a Board of Officers was convened to undertake a complete check of all the stores purchased from abroad and to determine the extent and value of deficiencies, if any. The Board



which assembled in November, 1961 and February, 1962, tentatively came to the conclusion that losses of spare parts to the extent of Rs. 3 lakhs had taken place and that this could be attributed to unsatisfactory administration. The Board also noticed that packages of stores were kept lying unopened for 4 to 6 months and that no uniform procedure had been adopted by the units to take the stores on charge.

1.42. A complete check of the receipts with the relevant invoices/packing accounts and issue vouchers carried out by the Board which finalised its proceedings in August, 1964 revealed that the value of deficiencies of spare parts purchased from abroad was Rs. 3.41 lakhs as indicated below:—

	Value (in lakhs of rupees)	Remarks
(i) Losses in transit . . . . .	0.86	Claims for this amount were preferred against the Railways but were rejected being time-barred.
(ii) Short receipts from suppliers . . . . .	1.54	No information is available as to whether the suppliers were approached to make good the deficiencies.
(iii) Deficiencies in stock (i.e. after receipt of stores at the destination) . . . . .	1.01	
TOTAL . . . . .	3.41	

1.43. The responsibility for the above deficiencies in/losses of spare parts, which are awaiting regularisation, is yet to be fixed (September, 1965).

1.44. The Committee desired to know whether any responsibility had been fixed for deficiencies in and the losses of spare parts; and why no satisfactory arrangements could be made earlier than September, 1961 for the receipt, custody and accounting of stores; and whether any action had been taken for recovery of amount for short-receipt with the suppliers. The Secretary, Ministry of Defence, stated that with regard to the first question, no responsibility had been fixed. Certain enquiries were being held and the case relating to 2090 (Aii) LS—2.

officers concerned had been sent to the GOC-in-C Army Command under whose jurisdiction the whole matter rested for taking disciplinary action against the persons concerned. With regard to the second question, the witness stated that arrangements were not made as the magnitude of the task was not realised at that time and this was one of the points for fixing responsibility. Regarding the third question, the witness stated that no information was available as to whether the suppliers were approached to make good the deficiencies.

1.45. The witness added that the suppliers had at no time the custody of the supplies. The supplies came from abroad. They were unloaded at Calcutta docks and from there without the packages being opened, they were despatched direct by train to destination. Loss had been found when at the destination certain packages were not received at all and certain others were received in open and broken condition. There was no means to ascertain the losses suffered on account of receipt of open and broken packages or non-receipt of packages at all from the despatcher. Sometime in July, 1962, the Chief Engineer made a reference to the suppliers saying that there was a certain shortage. The supplier wrote back to them and asked for certain details so that they could take up the matter with their manufacturers abroad. The Chief Engineer sent a reply to the suppliers saying that no information was available.

1.46. The Committee enquired why no claim was preferred to the Railways for the whole amount. The witness stated that claims seem to have been preferred on 24th March, 1962, with regard to those packages where open delivery was taken or packages which were not at all delivered.

1.47. On being asked whether any assessment of the loss was made, the witness stated the loss was not assessed at that particular time. Subsequently, a Board of Officers assessed the loss with regard to these packages which were lost.

1.48. In reply to a question, the witness stated that on the 4th October, 1961, an order was issued for the first court of enquiry to examine the whole matter about losses suffered. This court of enquiry gave the report sometime in March, 1962. The Director General, Border Roads, examined this report and sent it to the Sectt. of the Boarder Roads Development Board., which was not satisfied with this report and certain questions were raised with regard to the contents of this report. The Director General, Border Roads, then explained that the report was contradictory and unsatisfactory in many respects. The second Board of Enquiry was convened to

go into the whole matter in November, 1963. This Board also stated that there were losses and they reassessed the same. They also stated that it was not possible to pin-point the responsibility for these losses on any single individual. Thereafter, the Ministry of Defence asked the Controller of Defence Accounts, Patna, to carry out an audit and give a certificate about the losses requiring write off. The verdict of the Controller of Defence Accounts about the final loss came to them in January, 1966.

1.49. In reply to a question, the witness stated that a group of officials was responsible for handling this matter. Broadly speaking the arrangements were inadequate. They did not take steps to point out in time that the arrangements were inadequate. He added that even the invoices that were signed were lying in some drawers without being forwarded.

1.50. The Director General, Border Roads, added that there was a third court of enquiry which was specially convened in March, 1965, to go into the disciplinary aspect of the case. They came to the conclusion that the officers commanding two units who had received the stores earlier were responsible. The court of the enquiry proceedings together with the recommendations of D.G., Border Roads and the recommendations of the Chief Engineer were with the G.O.C.-in-C, Eastern Command for taking necessary action against those two officers. From a subsequent note, the Committee learn that one of the officers involved in this case had retired in August, 1964 and the other was under suspension in connection with another case. Displeasure of Government have also been conveyed in May, 1966 to the members of the First Board who gave an unreliable Report.

1.51. The Committee regret to note that no satisfactory arrangements were made by the Border Roads Organisation for the receipt, custody and accounting of spare parts of vehicles and equipment purchased from a foreign country. On the other hand, there was laxity and carelessness on the part of the staff. They are also surprised to find that information asked for by the suppliers for taking up the question of shortages with the main suppliers was not available with the Border Roads Organisation.

1.52. The Committee feel that during the period of 5 years since this loss of Rs. 3.52 lakhs took place, not serious effort had been made to make good this loss or to obtain compensation.

**1.53. The Committee trust that the Border Roads Organisation would take suitable steps to check recurrence of such losses in future and to improve the procedure regarding handling of receipt of stores.**

*Avoidable expenditure due to retention of a unit—Para 84—Page 94.*

1.54. A Workshop and Park Company was raised in April, 1963 for being utilised in a particular project. When the movement order was issued in October, 1963, the project authorities intimated that the company was no longer required by them. But, instead of disbanding this company, it was retained at the raising centre to assist it in its store holding duties. The company with 74 personnel on its strength, was finally disbanded in December, 1964 after absorbing 9 of them in a newly formed depot that replaced the existing raising centre. During the period October, 1963 to December, 1964, an expenditure of Rs. 1.22 lakhs was incurred on pay and allowances which was largely avoidable.

1.55. The personnel of the company who were retained in the centre continued to enjoy the concession of free rations and accommodation from October, 1963 though such concessions are not admissible to personnel employed in the centre itself. The extra expenditure on rations during the period from October, 1963 to December, 1964 amounted to about Rs. 38,600.

1.56. The Committee desired to know why the unit was not disbanded in October, 1963, when the project authorities intimated that it was not required and whether sanction of the competent authority was obtained before utilising this unit for store holding duties. The Secretary, Ministry of Defence, stated that no such sanction was obtained. The witness explained certain facts about this case. The Board fixed the programme for the Border Roads Organisation from time to time on the basis of the anticipated workload. The Director General had to organise his various task forces. His various task forces were broadly organised till now on the pattern of Army Organisation, containing various units. Since the raising of the units and training them and posting them to these units took some time, there was always a time lag between the dates on which the decisions were taken to raise these units and the actual occasion when they were deployed for actual work. It was found not merely in this case but in few other cases also that the deployment pattern of the manpower recruited was neither the most economical nor efficient. They were trying to find ways and means by which this time lag could be reduced.

1.57. As regards non-disbanding of the unit in October, 1963, the witness stated that a unit could not be disbanded at short notice. They could not be discharged before the completion of three years. He added that various adjustments could be made. There was a certain flexibility.

1.58. The Director General Border Roads stated that a particular Centre was converted into a Depot and a small number of personnel from this unit were absorbed in the new establishment of the Depot.

1.59. The Committee regret that an avoidable expenditure of about Rs. 1.22 lakhs was incurred on pay and allowances of the staff during the period October, 1963 to December, 1964 before disbanding the Park Company.

1.60. During evidence it was stated that the development pattern of the manpower recruited in such cases was not the most economical or efficient way of doing it and they were trying to find ways and means by which the time lag could be reduced. There had been in this case not a proper balance between the programme of recruitment and the programme of employment and they had initiated various measures to remedy this state of affairs and they could be watching whether these measures would achieve results.

1.61. The Committee trust that with the measures adopted by the Border Roads Organisation there would not be any infructuous expenditure in future in such cases and the deployment pattern of the manpower would be more realistic and economical.

*Non-utilisation of plant, para 86, page 95:*

1.62. To meet the requirements of the Border Roads Organisation two sets of imported Asphalt machines (mixtures and finishers) costing Rs. 5.64 lakhs were received between September, 1961 and February, 1962. One machine has been used for a period of 535 hours in about five months during 1963, while the second machine has not been put to any use. Both the machines are at present lying idle (January, 1966).

1.63. The Committee enquired the basis on which the requirement of two machines was worked out; whether the road construction programme had been adversely affected by the non-utilisation of these machines; and the present position regarding utilisation of the plants. The Secretary, Ministry of Defence, stated that in 1960 a team of officers was sent from this country to U.S.S.R. and to Japan to make a local investigation as to the various types of plant avail-

able for mechanisation of road construction to the maximum extent possible and to purchase within limits the equipment that they considered necessary. Before they went abroad, they had made a broad list of the type of equipment they were likely to be in need of and that list had been broadly approved by B.R.D.B. The B.R.D.B. itself had been established in April, 1960 and the programme of work to be undertaken and the future way in which the Board would develop was in a state of flux. The whole idea was that it was essential to have a big programme of road construction in the Himalaya where it was extremely difficult to get adequate manpower and at the same time it posed many engineering problems. They did not have enough accurate knowledge of the type of problems which they were going to face but with the knowledge they had, they made the best estimate of the type of equipment they were likely to need. They went and inspected the equipment on the spot and purchased some. Even with regard to Asphalt plants there was an authority to purchase upto 8. But when they saw the plants, they ordered only for two so that they could gain experience and in light of that experience they should decide to go in for more. This caution was fully justified by what happened afterwards. When those officers saw this plant in Japan they were confident of handling it but when the plant arrived and when they started assembling they found they did not have the capacity even to assemble it. They approached the manufacturer and asked for an engineer. The manufacturers were good enough to send an engineer without any cost to them. He arrived in October, 1962 here and could erect the plant that was in the Western Sector. But because of the events happening at that time in the Eastern Sector, he was not willing to go there and they too were not willing to send him here. The plant that was erected in the Western sector, had not been used even till that day for roads. By December, 1962 another urgent demand arose for work on an air-field in Western Sector and this plant was used there extensively. It was one of the circumstances that though the plant was brought for one purpose it became handy for some other purpose.

1.64. The witness added that the second plant that was in Eastern Sector could not be erected by the officers and they also did not have any use for this plant. That had been erected now in Western Sector and it had also been tried out. It had not yet been used on road construction. He added that he himself went and inspected this plant the other day. His view was that this plant could be effectively used in a short radius of space where extensive work had got to be done. Though the DGBR was not fully in agreement with it. The Asphalt mix that this plant could take out could be

used within a distance of 10, 12 miles and beyond that the mix cools and then it would not be useful for the construction of road. Further the plant was also not mobile and it had to be dismantled and transported to the other place and then erected there and it would take quite a lot of time.

1.65. The Committee enquired the cost of each plant. The witness replied that Rs. 5.64 lakhs was for both the plants together. The value of work done by one plant by using it in an Airfield in Western Sector was approximately Rs. 1.09 lakhs. At present there was a proposal to improve a road in one Sector to a much higher specification in order to negotiate or stand considerable heavy traffic. The DGBR had opined that with the upgrading of the specifications this machinery would be absolutely necessary for improving this road at a rapid pace. This point was still under examination as to whether it could be effectively done. A final decision might be taken within a month.

1.66. In reply to a question, the witness stated that due to non-utilisation of these machines the work had not suffered. If this machine was a mobile one or if there was considerable work within a small area, it would be effectively used. The witness admitted that the original assessment to buy 8 of such machines was on the high side as these were not mobile, and it was a miscalculation to that effect.

1.67. The Committee pointed out that the experts should have seen the demonstration of the machines. As they were experts they should have known whether the Asphalt cooled down over a wider span of work or not. The witness agreed with the observation of the Committee.

1.68. The Committee are perturbed to find that two sets of Asphalt machines which were purchased from Japan at the cost of Rs. 5.64 lakhs remained mostly unutilised and are still lying idle. They regret to find that these machines could not serve the purpose for which these were purchased (construction of roads in Himalayas). They would like to be informed of the final decision to effectively utilise the machinery.

1.69. The Committee would like to know the circumstances under which this work of making purchases of machines was entrusted to such persons who did not have enough knowledge of these machines

and the problems with which they were confronted with and why demonstration of the machines was not insisted upon before hand.

1.70. The Committee understand from Audit that on opening the packages, it was found that there were some deficiencies and after ascertaining that they were not available from indigenous sources, orders were placed for the missing components from Japan. These are stated to have since been received and the machines tested in March/September, 1965.

1.71. The Committee desire that the circumstances under which some parts were found deficient should be investigated and responsibility fixed for the missing components. They should be informed of the result of investigation.

*Default in repayment of loan—para 138, pages 163-164.*

1.72. In February, 1962 Government sanctioned a loan of Rs. 3,39,500 to the Delhi Educated Persons' Co-operative Transport Society, Ltd., Delhi (having Government nominees on its Board of Directors), through the Delhi Administration, for the purchase of 10 Mercedes Benz trucks. The loan was recoverable in five annual instalments, commencing from March, 1963 together with interest at the rate of 4½ per cent. (8 per cent. in case of default in repayment of any instalment). The full amount of the loan was paid on 2 March, 1962 without obtaining any security from the Society or executing a formal deed incorporating the terms and conditions of the loan as required under the loan sanction. The trucks purchased out of the loan were also not got mortgaged to Government. 35 members (out of 50) of the Society had not paid completely their share of Rs. 1,000 each towards its share capital.

1.73. The first instalment of Rs. 67,900 towards repayment of the loan fell due in March, 1963, but the Delhi Administration did not take any action for its recovery. Due to heavy losses resulting from leakage of revenue and irresponsible acts on the part of some of its members, the Delhi Administration decided to liquidate the Society on 27 November, 1963, by which time the Society had not paid any instalment of loan or interest. Out of the amount of Rs. 2,49,076 realised by the liquidator from the sale of trucks, a sum of Rs. 2,30,000 was paid to Government (Rs. 2 lakhs in June, 1965 and Rs. 30,000 in January, 1966). The balance amount of loan of Rs. 1,09,500 and interest of Rs. 81,480 (at the rate of 8 per cent due upto 1 March, 1965) are still (January, 1966) outstanding against the Society.



1.74. The Manager of the Society, (a non-gazetted official working on deputation with the Society from the Delhi Administration with effect from 1 October, 1961) was suspended from service with effect from 9 September, 1964 on charges of failure to exercise supervision over the working of the Society, misappropriation of its large funds and other financial irregularities.

1.75. The Ministry have intimated to Audit in January, 1966 that on investigations conducted by the Police, they did not find sufficient evidence to proceed against the Manager or any other member of the Society.

1.76. The Committee desired to know whether the Ministry had investigated the matter as recommended by P.A.C. in paras 11.9 and 11.10 of their 54th Report, Vol. I (Third Lok Sabha) and if so, what were their findings and what were the prospects of the recovery of balance of loan amount and the interest. The Secretary, Department of Transport, stated that an enquiry had been made by the Delhi Administration. The investigation had been entrusted to the Auditors of the Cooperative Department. They had detected six embezzlement cases and all these cases had been reported to the police for prosecution. The total amount involved in these six cases was Rs. 9,000. The witness added that an amount of Rs. 3.39 lakhs was given as loan. Recovery had been made to the extent of Rs. 2.30 lakhs. A sum of Rs. 97,000 would be adjusted from the liability of the members who had been traced.

1.77. In reply to a question, the witness stated that firstly, it was a question of bringing the defaulters to book. Secondly, they had been able to locate the members of the society who had run away. They had been able to find out 22 out of 35 members. He assured that proceedings would be initiated and recovery will be made.

1.78. The Committee are unhappy to note that the Delhi Administration has been able to locate only 22 members of the Delhi Educated Persons' Co-operative Transport Society Limited, out of 35 members and proceedings had not yet been initiated against them. They desire that action should be taken without further delay to recover Government dues from the Society.

1.79. The Committee enquired whether there were some Government nominees also on the Board. The representative of the Delhi Administration stated that the General Manager of the Society was a Government servant. The Secretary, Department of Transport, stated that the Chairman was an official from the Department of Transport. In reply to a question, the representative of the Delhi

Administration stated that Director of Transport, Registrar of Co-operative Society and one more were on the Board.

1.80. On being asked why proceedings were not taken against Government nominees, the witness stated that Government nominees who were on the Board were to persuade the persons concerned to pay back. Since it was not possible to do that, it was decided to take action against persons concerned.

1.81. In reply to a question, the witness stated that out of 50 members, 15 members had paid their share of Rs. 1,000 each. 35 of them had not paid full share. No personal guarantee was taken from members. He added that the society trucks were to be mortgaged to the Government. Unfortunately some how or the other the mortgage deed was not signed.

1.82. The Committee enquired whether the State Motor Transport Controller, who was the Chairman of the society, brought to the notice of the Government any deficiency in the running of this Co-operative society. The witness stated that this was an experiment and efforts were made to make it succeed. So, the Director of Transport was more concerned with ameliorating the situation rather than taking action. He added that "only when we were driven to the extreme, we took this action. It is difficult to reconstruct anything else from the files."

1.83. The Secretary, Department of Transport added that "we gave the loan in 1962. In 1963, the company went into liquidation. In this very short period the members of the society went on with great speed and rapidity that they destroyed the society itself."

1.84. The Committee pointed out that if Government Directors could not exercise any financial control on the working of the society, it was no use merely putting Government Directors there. The witness stated that it was unfortunate that the General Manager who was a Government servant himself got emboriled, in this virus of corruption. In reply to a question, the witness added that in that short period there were three different chairmen and they could not perhaps do much.

1.85. Asked whether any inquiry was conducted, the representative of the Delhi Administration stated that the investigation was conducted by the Auditors of the Co-operative Department. The liquidator also made an inquiry. No inquiry was however conducted to find why Government nominees could not safeguard the public interest.

1.86. At the instance of the Committee, the Ministry have furnished a copy of the investigation made by the Auditors in this case.

1.87. The Committee enquired how a stenographer was considered to be competent to work as the Manager of the society, when under the scheme the post was required to be filled in by a State Civil Service Officer. The representative of the Delhi Administration stated that the post was created in a lower scale than P.C.S., therefore a P.C.S. officer could not be appointed. The reason for the lower scale was that Government was of the opinion that the post carried ministerial responsibility and a higher scale was not justified for this post.

1.88. The Committee asked who appointed this stenographer as Manager of the society. The witness stated that it was very difficult to say. He added that as no direct recruitment was to be made, so it was not advertised. The first incumbent was a PCS officer. After his reversion, the stenographer was appointed. The Committee pointed out that when the pilot scheme required that the Manager would be a State Civil Service Officer and that he would be required to undergo a course of training in all branches of road transport operations for a period of six months and would also be trained in co-operative principles, why relaxation was made and this stenographer selected. The witness stated that this stenographer had a good dossier before his appointment as Manager of the Society.

1.89. In reply to a question, the witness stated that six prosecutions had been launched against the members of the society for embezzlement. The Secretary, Department of Transport added that the matter was also reported to the police. Police investigated it for 2½ years and found there was no justification for prosecuting any one for cheating.

1.90. The Committee are surprised to note that the post of the manager of the Cooperative Society was filled by a stenographer instead of by a State Civil Service officer. The Committee desire that the Ministry should look into the case of appointment of the stenographer to the post of Manager to find out if he was considered competent enough to hold the job and also how far he was responsible for the ultimate fate of the society.

1.91. The Committee also regret to note that Government nominees on the management Board of the Society could not safeguard financial interest of Government in this case. They desire that fail-

ure of Government nominees to safeguard Government's financial interest should also be looked into in this case.

*Loss due to negligent storage—Appendix I—Item I, pages 197-198.*

1.92. About 62 tons of road paints (22 tons purchased in 1955-56 and 40 tons received from a division in 1961-62) was stored by the Howrah Construction Division, for constructing approaches to the Rupnarayan bridge on National Highway No. 6. Out of this about 57 tons (valued Rs. 21,000) became wholly unserviceable as the paint got badly mixed with mire after leaking through the drums which corroded by the saline water of the river that regularly flooded the sunken site on the bank where the drums were stored.

1.93. The survey report for write off of the stores was prepared in April, 1962 but the loss has not so far been written off, nor the responsibility fixed therefor (July, 1965).

1.94. The case was reported by Audit to the Ministry on 15th September, 1965; their remarks are still awaited (January, 1966).

1.95. With regard to the loss, the representative of the Department of Transport stated that the West Bengal Government had reported that the loss had been assessed correctly after salvaging and the total loss was now 10 tons. The West Bengal Government had said that this loss might be considered as condonable and no one might be held responsible. The Ministry had not agreed with it. They had pointed out that in any case 57 tons of bitumen were allowed to leak. They had asked the West Bengal Government to hold enquiry and find out who was responsible.

1.96. The Committee may be apprised of the outcome of the enquiry.

*Extra Expenditure—Appendix I, Item 2—Page 198.*

1.97. The construction of a bridge across river Par in Mile No. 145 on National Highway No. 8 was executed by the State P.W.D. on behalf of the Central Government on agency basis. The work was let out on a lump sum contract in February, 1959 for Rs. 6.40 lakhs and completed in March, 1962. One of the wing walls of the bridge collapsed in September, 1963. This damaged wing wall was repaired and the other wing walls strengthened at a total cost of Rs. 12,800. The damage was attributed (September, 1963) by the Superintending Engineer (Designs) to the inadequacy of the sections of the wing

walls and to non-provision of weep holes; according to the Executive Engineer (January, 1965) the design of the wing wall was not submitted by the contractor for approval as per contract before the work was started. Failure to get the approval of the design of the wing walls before starting the work resulted in an extra expenditure of Rs. 12,800. Responsibility for this failure was not fixed (March, 1965).

1.98. The case was reported by Audit to the Ministry (in October, 1965); their remarks are awaited (December, 1965).

1.99. The Committee desired to know why no reply had been sent to Audit although the case was reported to them as far back as October, 1965 and whether Government had examined this case and fixed responsibility for the extra expenditure. The witness regretted that there was delay in making the final report. The State Government sent the final reply on 2nd March, 1966. Prior to this they are getting replies which were more or less contradicting the previous replies. They got the first information from Gujarat State, who carried out the works, that due to some technical defect the wall had collapsed. In the second reply the State Government said that soil conditions were defective and it failed. In the last reply, it was said that rubble filling was not carried out behind the wing-walls, with the result that more pressure came on the wing-walls and it collapsed. The State Government had made such contradictory statements. They wrote back saying this was a case where a proper enquiry had to be made from those responsible and responsibility fixed. The witness added that they did not know what was the real fact. It seemed that the last reply was correct. Out of 4 wing-walls, only one collapsed and the others were standing. They had re-built the collapsed wing-wall to the same section as original, but this time they had provided rubble filling behind this new wing-walls as well as behind the three old wing-walls. They would await the final result of the investigation.

1.100. The Committee regret to note that the Department failed to send their remarks to Audit, although this case was reported to them in October, 1965.

1.101. They are surprised to find that the Gujarat State Government furnished contradictory replies to the Department on the causes of the collapse of one of the wing-walls of the bridge. The Committee would like to be informed of the action taken on the basis of the enquiry initiated into this case.

## CHAPTER II

### MINISTRY OF WORKS, HOUSING AND URBAN DEVELOPMENT

#### DIRECTORATE OF ESTATES

##### *Residential accommodation—Page 83, para 74:*

During the period from January, 1963 to February, 1965, 31 buildings with a living area of 67,911 sq. ft. involving a monthly compensation of Rs. 27,316 were requisitioned by Government for their own purposes—the average compensation being Rs. 40.20 per 100 sq. ft. per month.

2.2. It was observed in 24 cases of allotment of Government-owned residential accommodation to non-eligible parties, during April, 1963 to September, 1965, involving a living area of 40,017 sq. ft. that the rent charged from the allottees ranged from Rs. 5 to Rs. 41.10 per 100 sq. ft. per month—the average rent charged in these cases being Rs. 25.21 per 100 sq. ft. According to Audit, Government would have saved payment of compensation of about Rs. 6,000 per month, if these Government-owned houses had been utilised for their own purposes, instead of allotting them to non-eligible parties.

2.3. With regard to allotment of Government houses to private parties, the Secretary of the Ministry stated during evidence that pursuant to the recommendation of the Public Accounts Committee made in para 43 of their 34th Report (Third Lok Sabha), a decision had since been taken that Government accommodation would not be allotted to ineligible parties except in very special cases on merits. Asked about the periods to which the 24 cases referred to in Audit para pertained, the witness replied that out of these, in 8 cases allotments were made in 1965. When it was pointed out by the Committee that some cases of allotments to private parties occurred even after the presentation of their 34th Report, the witness stated that their allotments were made in special circumstances on merits.

2.4. The witness informed the Committee that out of 24 houses, four had been vacated. In 5 cases the period of allotment was only upto 31st March, 1967 and it was expected that some of them would fall vacant. As regards the remaining 15 houses there was no specified period of allotment. But a review was made every three/four

months and the file was put up to the Minister for orders whether a date might be fixed for vacation of the houses. The Committee desired to be furnished with a statement indicating the details of houses allotted to non-eligible parties, living area; rent charged for 100 sq. ft., date of allotment, name of allottee, special reason if any for allotment, whether they had been vacated and if not, the likely date of vacation. The Ministry have furnished a \*statement to the Committee.

2.5. Referring to the procedure of allotment in the case of ineligible persons, the witness stated that so far as the Secretariat was concerned, they refused allotment, whereafter it was the Minister's privilege to decide for or against the allotment. As regards the rent charged from ineligible parties, the witness stated that in some cases market rates had been charged; that rate until recently was twice the rent under F.R. 45-B with  $17\frac{1}{2}$  per cent departmental charges and something extra for garden etc. On his attention being drawn to different rates viz. Rs. 75 and Rs. 143 being charged from two persons for the same type of accommodation at Irwin Road, the witness stated that the other allottee had since been charged Rs. 141. Earlier he had been charged under 45-A and market rate was charged from him later (from 1st January, 1966). Asked why the individual was first charged under F.R. 45-A, the witness stated "I can only point out that it was the Minister's order that he should then be charged at a certain rate earlier; he himself changed this order and said that from 1st January, 1966, he should be charged market rent like all other ineligible persons." Asked about the circumstances leading to the change in the Minister's orders, the witness replied that it was at the time of review of the old cases that these cases were also brought up before the Minister for review in October-November, 1965. The Committee pointed out that the present house was allotted to the individual in September, 1965 and by that time the 34th Report of the Committee had already been presented to the House. The witness stated that although the recommendations of the Committee were in their hands and they had accepted them in principle, the same had not been implemented by them. The witness added that new allotments were made to old allottees on the understanding that their cases would be reviewed in due course.

2.6. In reply to a question, the witness informed the Committee that out of 24 cases of allotment of Government accommodation to non-eligible persons at present, in 2 cases the rent was charged under F.R. 45-A, in one case it was charged under F.R. 45-B and in

\* Not vetted by Audit.

the remaining 21 cases market rent under the old formula was being charged, but allottees had been asked to pay the market rent under the new formula as soon as it came into force.

2.7. Asked if there were any rules laying down the special circumstances, in which Government accommodation might be allotted to ineligible persons, the witness replied in the negative. He added that the number of houses allotted to ineligible persons formed a very small fraction of total number of houses in the general pool, i.e. out of about 37,000 houses in general pool, the number allotted to ineligible persons at present was roughly 304.

2.8. Referring to allotments made to the Press people, the witness stated that they were not eligible for houses from the general pool, but it had been decided by Government to set apart a certain number of houses in the Press Pool. The allotment of houses in this pool was made on the recommendation of the Press Association and in accordance with principles they decide to follow. But they still remained ineligible in that sense. They were to be charged the same rent under F.R. 45-A as was the rent applicable to eligible Government servants, on the ground that Press people were in Delhi performing a function which was helpful to Government and that private houses were not available and many of them could not afford heavy rents for private accommodation.

2.9. The Committee drew attention to difference between the compensation by way of rent payable for the requisitioned houses and the rent recovered from private parties for allotting the Government-owned houses to them. The witness stated that Government had to pay market rent for the houses taken on lease or requisition, while their own formula of assessing the market rent for Government-owned houses resulted in a much lower rate per sq. ft. The witness added that in pursuance of the earlier recommendation of the PAC they had decided on a new formula with effect from 1st August, 1966 for determination of market rents for Government accommodation. Non-eligible persons in occupation of Government accommodation were being given a period of 2 months either to vacate the house or to start paying the market rent. The witness added that under the new formula non-eligible persons would be paying the market rent which would be almost at the same level as the rent paid by the Government for the leased or requisitioned houses.

2.10. In para 43 of their 34th Report (Third Lok Sabha), the Committee had recommended that in view of the continued shortage of accommodation for Government purposes, the practice of giving Gov-



ernment accommodation to private parties should be discontinued and that in very special circumstances where such accommodation is given purely as a temporary measure full market rent should invariably be realised. The Committee were informed in September, 1965 (See Appendix II) that this recommendation had been accepted by Government and suitable instructions had been issued. From the statement of 24 houses allotted to non-eligible persons during the period April, 1963 to September, 1965 the Committee find that in 3 cases rent is being charged under F.R. 45-A or 45-B instead of at the market rate. It is not clear why market rent is not being charged in these 3 cases even after the acceptance of the recommendations of the Committee. The Committee desire that in all cases where Government houses have been allotted to non-eligible persons full market rent should invariably be charged.

2.11. The Committee find from the statement furnished by the Ministry that out of 24 houses, mentioned in the audit para. 4 have since been vacated, in one the allotment has been made to an eligible person and in 5 cases the period of allotment has been fixed upto 31st March, 1967. The Committee were informed during evidence that at present there were 304 houses allotted to non-eligible persons. They desire that in all these cases the period of allotment should be fixed and extensions should be given only in special circumstances.

2.12. On his attention being drawn to the recommendation of the Committee in their 34th Report (Third Lok Sabha) that private houses should not be requisitioned and given to private individuals, the witness stated that they had not done that. He added that out of 31 houses requisitioned during the particular period (January 1963 to Feb. 1965) 15 were for the U.S. Military Officers and 15 for Government officials. When it was pointed out that some houses were allotted to persons not entitled to them, the witness stated that wherever the Department requisitioned and allotted houses to ineligible persons, there were special reasons and the decision in such cases, was taken at higher level. The Department was helpless in the matter as a decision was taken at a higher level. In each case special circumstances were mentioned and it was for the Minister to accept those circumstances or to reject them. "I think he rejects probably more than what he accepts. That is his privilege." Asked whether it was within the knowledge of the Minister that the Department had made the requisition, the witness replied in the affirmative.

2.13. The witness informed the Committee that at present there was a general pool of about 37,000 houses for Government servants  
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and there was a shortage of about 65,000 to 75,000 houses. There was a large number of officers without houses. The Department had a special sanction from the Finance Ministry to requisition or take on lease some houses for some Government officers for whom accommodation of suitable types was not available with them. These requisitions were made separately and the houses were allotted to these officers. In the meantime, many requests giving special reasons, on certain pleas were received, to which the Department's normal reply was that such applicants should make their own arrangements and that Government houses could not be allotted to non-eligible persons. But in certain cases, the Minister used the discretion and made the allotment. The witness added that the houses requisitioned for the US Military Officers and for Senior Government Officers were higher type houses. The officers concerned were entitled to types VII and VIII accommodation. The allotments made to non-eligible persons were in the lower type of Government owned houses. Even if the allotments had not been made to private parties, it would not have been possible to allot the same houses to the persons for whom the requisitions had been made.

2.14. In reply to a question, the witness stated that at present there were 64 requisitioned houses and 83 leased houses (totalling 147 houses). Out of these 77 were allotted to eligible persons and 70 were in occupation of non-eligible persons. About the action taken pursuant to the Public Accounts Committee's recommendation that speedy action should be taken to de-requisition private houses allotted to private bodies, the witness stated that each case had been examined and put up to the Minister for orders. Some of the houses have also been de-requisitioned . . . The Committee desired to be furnished with a statement showing:

1. Details of the houses buildings requisitioned.
2. Date on which it was requisitioned.
3. Whether the building is being utilised for the same purpose for which it was so requisitioned or for any other purpose.
4. Purpose for which it was requisitioned.
5. Rent fixed at the time of requisitioning the building.
6. Rent charged from the individual or the parties to whom the building was allotted.
7. Reasons for utilising the building for purposes other than the original purposes.
8. Steps taken, if any, for de-requisitioning the building.

**2.15. The information is still awaited.**

2.16. The Ministry have, however, furnished to the Committee a \*statement showing details of 25 requisitioned houses and 11 leased houses which were in occupation of non-entitled persons, organisation etc. as on 26-9-1966.

2.17. In para 44 of their 34th Report (1964-65) the Committee had observed that they consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body, and they had desired speedy action to be taken to de-requisition such buildings. The Committee were informed in May, 1966 (see Appendix III) that Government had accepted this recommendation regarding de-requisitioning of the buildings occupied by private bodies etc. The judgment of the Supreme Court dated the 29th August, 1961 in appeal case of Triveni Kala Sangam is relevant where the Court had held the view that the landlords were entitled to be put in possession of the flats requisitioned by Government, if they were not put to use for the purpose for which they were requisitioned. The Committee desire that vigorous steps should be taken to de-requisition the houses which are no longer used by the Government for the public purposes for which they were requisitioned. They reiterate the observation made in para 71 of their 28th Report (Third Lok Sabha) that it is the moral responsibility of Government to restore such premises to their rightful owners, as soon as they are not required for the public purpose.

*Delay in recovery of trunk call charges—Page 83, para 75.*

2.18. In respect of trunk calls booked by Ministers V.I.Ps. from telephones installed in Kotah House Hostel, trunk call charges amounting to Rs. 22,323 relating to the period from 1958-59 to 1962-63 initially paid by the Director of Estates, were pending recovery in November, 1965.

2.19. It was stated by the Director of Estates (November, 1965) that complete details were available for Rs. 9,802 only out of Rs. 22,323, and that recoveries to the extent of Rs. 7,519 were effected but that details of the same were also not available and remained unlinked.

2.20. The Committee enquired about (i) the difficulty in realising the amounts for which details were available and; (ii) the reasons for non-availability of details of the balance amount. The Secretary of the Ministry stated that difficulties in this case had arisen because firstly the VIPs and others staying in Kota House

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\*Not vetted by Audit.

as in some other hostels did not record the telephone calls in the book meant for the purpose and secondly the telephone bills were not received promptly. So, the person-in-charge of the hostel was not fully aware of the calls booked by the allottees. Because of late receipt of the telephone bills, he found it difficult to link them. In the absence of any record in the book, a reference had to be made to the VIPs who were staying in the hostel on the relevant dates for confirmation of the calls and payment of the bills. The witness added that the problem in the case of Kota House had ceased to exist from 1962 when it was transferred to the Ministry of Defence. But, nevertheless the position had been reviewed in order to avoid similar audit objection in the case of other hostels. Certain remedial steps had been taken viz. (i) they tried to ensure that VIPs did record their trunk calls; (ii) it had been arranged with the P. & T. Department that the bills were sent quickly, not more than one month after the calls; so that the monthly bills came regularly and if tracing was required, it should be done quickly and the bills sent to the persons concerned. Asked why a system of switchboard was not introduced, the witness stated that it would have been more inconvenient to VIPs.

2.21. Giving the latest position of the recoveries the witness stated that out of Rs. 21,945 outstanding as on 1-4-1966, a sum of Rs. 7,519.57 p. had been realised. Details were also available of another sum of Rs. 9802. Out of the amount of Rs. 9,802 for which details were available, a sum of Rs. 1,887 had actually been realised and recovery of the balance demand was in hand. The matter was under correspondence with the State Governments, some of which wanted certificates to the effect that calls were official and that they were actually made by the VIPs. The Department were doing their best to issue these certificates. Asked how the Department could issue such certificates, the witness stated that if a Minister occupied the room, they certified that the call on the particular day must have been made by him and it was assumed that it must have been made by him for official purposes.

2.22. To a suggestion that there should be some centralised system of recording calls, the witness stated that such a system would take away the confidential or secret nature of the calls.

**2.23. The Committee feel concerned over the accumulation of trunk call charges pertaining to the years 1958-59 to 1962-63 in respect of Kota House Hostel. They desire that vigorous efforts should be made to liquidate the arrears.**

2.24. The Committee note the remedial measures taken by the Department to prevent accumulation of such arrears which is a problem common in other hostels also. They suggest that the matter should be kept under constant review and the feasibility of introducing a centralised system of recording of telephone calls should be examined.

LAND AND DEVELOPMENT OFFICE

*Loss due to failure to observe proper procedure—Pages 85-86, Para. 77.*

2.25. (i) For additional construction by a lessee on a plot allotted to him at Aurangzeb Road additional ground rent at Rs. 3,233.76 per annum was recoverable from 18 July, 1958 and another Rs. 1,705.20 per annum with effect from 11 April, 1959. The lessee who was called upon in September, 1963 to pay these dues disputed the claim on the ground that while furnishing no objection certificates to the local body for the additional construction, no question of levy of additional rent (except in the case of basement for which the additional rent was worked out at Rs. 62 per annum), had been raised by the Land and Development Officer.

2.26. The Secretary of the Ministry stated that the present position was that while for a basement constructed in the house, the Department had already recovered the additional rent, the question of levy of additional rent for the other additional construction was still under discussion with the Ministry of Law. At one stage the Law Ministry had given the advice that the Department were not competent to do so, but the full facts of the case were being explained to them. The witness admitted that the case, which had been going on since 1958-59, had been delayed. When it was first referred to the Chief Commissioner a certain order was passed that these amounts should be recovered from the lessee, but in the same note a reference was made that the general issue should be examined separately and another case similar to this one was mentioned in respect of which a general issue had been raised. This case was kept aside till the general issue was decided in the other case. It was decided in 1961, but this particular case was lost sight of and there was two years delay which was indefensible. The latest position was that the lessee was disputing the charges and the matter was still under reference to the Law Ministry.

2.27. The witness added that the delay in linking the files was due to defect in the system. Asked if any remedial measures had

been taken to avoid recurrence of such cases of delay, the witness stated that the Land Development Officer had been trying to re-organise his office for over a year and to improve the method of working. Asked if fault of any individual was suspected in this case, the witness replied "I do not think this was a deliberate attempt to help anybody." He added that the delay would not help the lessee, as he had to pay interest on the amount and the more he waited the more he had to pay.

2.28. The Committee regret to observe that the delay in raising the demand in this case does not speak well about the working of land and Development Office. According to the Ministry's own admission the delay was due to defect in the system and was indefensible. The Committee hope that with the reorganisation of this office which was under way, such cases would not recur.

2.29. The Committee desire that the question of recovery of rent for additional construction should be finalised early and the Committee informed about the recovery so made.

#### Audit Report (Commercial), 1966

*Government of India Presses—Pages 266—171—Section XXV; Installed Capacity and out-turn—Para 2.*

2.30. The table below indicates the actual work done as compared with the installed capacity in different presses working under the Government of India:

(No. of impressions in Crores)

Name of the Press	Year	Installed capacity	Actual output	Percentage of actual output to installed capacity
1	2	3	4	5
Government of India Press, New Delhi	1962-63	6.40	4.30	67.19
	1963-64	8.63	4.62	53.54
	1964-65	8.69	4.40	50.63
Aligarh	1962-63	27.55	13.71	49.76
	1963-64	27.55	15.95	57.89
	1964-65	27.55	17.42	63.23
Nilokheri	1962-63	2.32	2.41	103.88
	1963-64	4.52	5.08	112.39
	1964-65	4.52	5.59	123.57

1	2	3	4	5
Nasik	1952-63	34.77	8.08	23.24
	1963-64	42.73	11.15	26.09
	1964-65	45.97	12.67	27.56
Gangtok	1952-63	1.68	0.92	54.76
	1963-64	1.68	1.59	94.64
	1964-65	1.68	1.03	61.31
Simla	1952-63	3.72	2.28	61.29
	1963-64	4.60	2.61	56.74
	1964-65	4.60	2.59	56.30
Temple Street, Calcutta	}	Information not available as the necessary records were not maintained by the Department.		
Santragachi, Calcutta				
Hastings Street, Calcutta	Complete data not made available to Audit.			
Coimbatore	The press went into production only in January, 1964.			

2.31. The Committee enquired whether the Department had analysed the reasons for the low output in the presses at New Delhi, Aligar, Simla, Nasik and Gangtok, especially in regard to Nasik Press where the output was less than 30 per cent. The Secretary, Ministry of Works, Housing and Urban Development stated that they had not laid down the installed capacity for the presses. The manufacturers sometimes indicated the performance of a particular machine, but there was no fixed method by which installed capacity of any press or machine could be worked out. The witness added that the figures given in the Audit Report seemed to have been obtained from the presses but these had not been given through the Ministry nor had these been checked. The figures varied from press to press according to what the manager of the press had in his mind about the installed capacity. The question regarding the installed capacity of the various presses was raised by the Minister in 1964 at a conference held in Simla. After much discussion it was realised that there was no set method in which the installed capacity could be determined. Orders were issued that some method should be found to work out the installed capacity. In January, 1964, the National Productivity Council were asked to look into the matter. They gave a preliminary report in 1966, which mentioned that in order to work out the installed capacity they must carry

out detailed inspection and investigations in respect of at least two presses, for which they had asked for further money to be paid to them. The witness urged that the figures shown in the Audit para as installed capacity were not realistic and to go by them would lead to unsatisfactory results. He expressed the view that the percentage of 104 to 124 of actual output to installed capacity in the case of Nilokheri press appeared to be fantastic. He added that the Department were now finding out a systematic and scientific method of working out the installed capacity of the presses, which would lead to realistic results.

2.32. The witness informed the Committee that when the department found that a press was not working at a certain level, they sent out officers to see that the machines were working full time. When they found that idle time was not justified, orders were issued that the press should do more work and reorganise its working. As a result the output had also gone up. The department had been systematically trying to introduce a second shift. When any particular machines were not available, the work had to be sent to private presses. The value of the work done by the private presses had gone down from 43.67 lakhs in 1963-64 to Rs. 30 lakhs in 1964-65 and Rs. 20 lakhs in 1965-66. The provision in this regard for 1966-67 was Rs. 16 lakhs.

2.33. The Committee stress the need for serious attention being given to the task of laying down a uniform and scientific method of working out the installed capacity and its actual utilisation in the various Government presses with a view to having an effective control over their working and utilising the capacity. This is all the more necessary in view of the fact that Government propose to establish more presses and that some work was still being entrusted to private presses. The Committee would like to be informed about the progress made in introducing a uniform system in this behalf.

*Utilisation of machines—Page 266—Para 3. Sub-para (ii):*

2.34. In the Government of India Presses, Aligarh and Faridabad, 17 machines worth Rs. 4.25 lakhs were installed after a lapse of 2 to 8 years from the date of purchase, while 3 machines valued at Rs. 26.467 purchased in 1956 and 1959 by Temple Street Press, Calcutta have not been commissioned so far (August, 1965) for want of power.

2.35. The Management stated (December, 1965) that most of the machines at Aligarh could not be installed within a reasonable period for want of electric power.



2.36. The Committee asked whether the question of availability of electric power for running the machines was not considered by the Deptt. before purchasing them. The witness stated that the question of shortage of power was not within the knowledge of the Department, when the machines were ordered. He admitted that they did not do preplanning with regard to availability of power to the extent of their requirements. It was anticipated that power would be available, but they ran into difficulties partly because other requirements for power arose. The witness added that they had now started taking into account availability of power in advance for their expansion programme.

2.37. Asked if the delay in the installation and commissioning of machines had led to allotment of work to private presses, the witness replied that some additional work must have gone out.

2.38. The Committee regret to observe that there was inordinate delay in these cases in the installation of the machines due to defective planning. They hope that such cases will not recur.

*Costing system—Pages 267-268 para 4*

2.39. The Presses are following the costing system prescribed in the Government of India Press Hand Book, 1929 according to which direct and indirect expenditure is distributed between the paying and non-paying departments on the basis of the value of work done. The existing system was examined in May, 1965 and a Pilot Scheme of costing was introduced on an experimental basis in the New Delhi Press in October, 1958. The main features of the Scheme are:

- (a) the maintenance of job cards for each job done, and
- (b) the introduction of a machine hour rate in assessing the cost of work.

2.40. The Scheme has not been fully implemented even after a lapse of 7 years. The posting of the job cards is not up to date. No reconciliation is effected of the material and labour cost booked in the individual job cards with the payments actually made and booked in the financial accounts.

2.41. The non-completion of job cards in time has defeated the very object of the Pilot Scheme on which an expenditure of Rs. 76.913 was incurred up to 31st July, 1965.

2.42. The Management stated in September, 1965 that till December, 1964 the work of posting job cards was completed for the period ending 1960 and that the posting of job cards for the year

1963-64 was taken up as it was felt that the old arrears should be left out till the extra staff was sanctioned. It has further been stated that the desired results could not be achieved because of paucity of staff.

2.43. The Department informed Audit in April, 1966 that at the time of introduction of the scheme, it was visualised that the scheme would be made applicable to cash jobs only, but subsequently it was found that it was not possible to extract figures of the paying department only and it was therefore, decided to extend the scope of the scheme in respect of all the jobs (paying or non-paying) received in the Government of India Press, New Delhi. Thus while the work increased beyond all proportions the staff remained the same.

2.44. The Committee asked when the scope of the scheme was enlarged whether the Department took up the matter with the Government for extra staff. The Secretary of the Ministry stated that an officer on special duty was appointed in the middle of 1958 who reported in November, 1959. Thereafter the Chief Controller of Printing approached the Ministry for creation of 4 posts of computers and one post of estimator. The Ministry desired to have further information which was furnished in August, 1960. In September, 1960, the Ministry again returned the case to the Chief Controller asking for further justification to enable them to put up a convincing case for the approval of the Ministries of Finance and Home Affairs. In November, 1960, the Chief Controller referred the case back and in February, 1961, it was returned to him for further justification. In November, 1964, after reviewing the position, the Chief Controller again approached the Ministry for sanctioning the additional staff. The previous papers were asked for. At this stage the Ministry's file which had been sent to the Chief Controller in May, 1965 was lost. In April, 1966, the Ministry asked the Chief Controller to locate the file and if it was not traceable to take suitable action to reconstruct the file. The process was going on. Then from time to time there had been a ban on recruitment.

2.45. Asked about the total expenditure incurred on the pilot scheme so far, the witness stated that upto August, 1966, an expenditure of Rs. 91,026 has been incurred. Asked further if a qualified Accounts Officer had been posted to supervise this work on which a sum of Rs. 91,026 had been spent, the witness replied in the negative. The witness added that the officer on special duty posted in 1958 had cost accountant's qualification but he got himself transferred. He admitted that "nothing very much has been done" in regard to the scheme.

2.46. The Committee are dissatisfied over the tardy progress in the implementation of the Pilot Scheme of costing introduced in the New Delhi Press in October, 1958. The scheme has not been fully implemented for want of staff even after 8 years and in the meantime an expenditure of Rs. 91,026 has been incurred on it. Even a qualified Cost Accounts Officer has not been posted to supervise this work. According to the Ministry's own admission "nothing very much has been done" in regard to the scheme. The Committee desire that vigorous steps should be taken to implement the scheme fully and provide the staff required for the purpose.

2.47. The Committee asked about the action taken on their recommendation made in Para 20 of their 38th Report (Third Lok Sabha) to investigate the reasons for high cost of production in Government Presses. The Secretary of the Ministry stated that after a meeting with technical officers, it was decided that a team be set up to find some way of working out the cost of their publications and compare it with the quotations from private presses. A proposal for creation of these posts had now been put up by the Chief Controller of Printing and Stationery to the Ministry.

2.48. The Committee hope that early action will be taken to set up the team to devise a method of working out the cost of publications printed in Government presses. They suggest that periodical reviews should be undertaken to assess the cost of printing in Government Presses vis-a-vis private presses with a view to improving the efficiency of Government Presses.

*Excessive purchase of paper—Page 268, para 5(a)*

2.49. Out of a quantity of 24,827 reams of white cartridge paper purchased by the Nasik Press in 1964-65, only 4,381 reams were actually consumed for printing forms in 1964-65, leaving a balance of 20,446 reams valued at Rs. 13.06 lakhs approximately as on 31st March, 1965. On the basis of the consumption recorded for the year 1964-65 the balance left at the end of March, 1965 would more than meet the requirements of the next four or five years. The purchase of such a large quantity of paper in excess of actual requirements lacked justification.

2.50. The Committee asked about the present position of the surplus stock of paper. The Secretary of the Ministry stated that the stock position was satisfactory in the sense that they had only 8,000 reams left and the rest had been consumed. The present stock was

sufficient for the current year and perhaps a small quantity may spill-over next year. Explaining the reasons for indenting a large quantity of paper, the witness stated that the usual practice was that paper was purchased on the basis of an annual forecast of requirements received from the P. & T. Deptt. But no printing was actually undertaken till the print orders were received, which came from time to time during the year. In the particular year the forecast was very large and the print orders received were very small, resulting in a large balance being left in stock. The witness added that the matter was under examination in consultation with P. & T. Deptt. so that they should place a firm print order instead of giving an estimate.

2.51. Asked why they placed another indent for 3,320 reams during 1965-66 when they had already a large stock of 20,446 reams, the witness replied that the additional stock was received against the previous order; it was not a fresh order. Asked further, if any indents were placed in 1965-66, the witness replied in the negative. Asked about the stocking arrangements, the witness stated that their godowns were in very good condition and no deterioration took place.

2.52. The Committee regret to observe that the purchase of a large quantity of paper merely on the basis of the annual forecast of requirements given by the P. & T. Deptt. which did not fully materialise, resulted in a heavy accumulation of paper. The Committee note that the question of placing firm orders by the P. & T. Deptt. instead of giving an estimate is under examination. They hope that the present practice of purchasing paper on the basis of the forecast of requirements will be properly streamlined with a view to avoid excessive purchase of paper in future.

*Stores—para 6. sub-para (i)—Page 269*

2.53. In Aligarh, Calcutta, Gangtok, Coimbatore and New Delhi Presses, the reserve stock limits of stores and stock have not been prescribed nor have bin cards been introduced. The Management stated in October, 1965 that the matter regarding the fixing of maximum and minimum limits of stores was under consideration.

2.54. According to Audit, intimation was received after the printing of the Audit Report that bin cards had been introduced in the Coimbatore Press and also that maximum and minimum limits for reserve stock had been fixed. The Committee enquired about the present position regarding introduction of bin cards in the four other presses. The witness stated that instructions about bin cards were

issued in 1962. Preparations were reported to have been completed in the presses at Aligarh, Calcutta and Gangtok.

2.55. The Committee desire that early action should be taken to introduce bin cards in the presses at Aligarh, Calcutta, Gangtok and New Delhi.

*Sub-para (iii)*

2.56. A physical verification of type metal conducted in New Delhi Press on 7th October, 1962 showed a net shortage of 25 tons 9 cwt. of mono metal valued at Rs. 63,500. The case was referred to the Special Police Establishment on 6th March, 1963. The witness informed the Committee that the correct figure of shortage in this case was 23 tons 8 kg. valued at Rs. 59,929. As regards the action taken as a result of the report of the SPE, the witness stated that one person who was in charge of the stock had been charge-sheeted and an enquiry was now under way.

2.57. The Committee desire that necessary remedial measures should be taken to prevent the recurrence of such losses. They would like to know the action taken against the persons concerned in this case.

*Working Results—Para 7, pages 269-270*

2.58. The Presses have not been declared as commercial and regular pro forma accounts in the form of Profit and Loss Account and Balance Sheet are not prepared. The working results cannot, therefore, be ascertained. However, the particulars of the value of work done and expenditure incurred during the three years ending March, 1965 are mentioned below:—

Name of the Press	Rupees in lakhs					
	Value of work done			Total expenditure		
	1962-63	1963-64	1964-65	1962-63	1963-64	1964-65
1	2	3	4	5	6	7
Hastings Street, Calcutta	76.50	64.94	69.41	45.20	44.98	48.74
Temple Street, Calcutta	106.56	66.17	Not available	21.94	18.48	Not available
Simla	27.20	28.90	28.79	20.90	20.24	19.34

1	2	3	4	5	6	7
New Delhi (Main)	81.87	78.18	85.89	53.31	54.73	64.78
New Delhi (P.L. Wing)	11.73	13.00	13.09	6.56	8.71	8.56
Nasik	67.47	85.67	96.57	26.76	29.04	33.17
Nilokheri	9.37	15.34	18.05	3.35	5.92	6.58
Faridabad	32.45	37.75	40.54	17.00	25.22	21.81
Aligarh	78.19	95.12	108.22	22.17	23.80	26.05
Gangtok	6.24	6.90	Not available	4.60	4.59	Not available
Santragachi	—	71.84	Do.	—	14.74	Do.
TOTAL	497.58	563.81	460.56	221.94	250.45	229.03

2.59. The Committee enquired if the Deptt. had analysed the reasons for the percentage of the total expenditure to the total value of work done being comparatively higher in the presses at Hastings Street, Calcutta, Simla and New Delhi (P.L. Wing), Faridabad and Gangtok. The Secretary of the Ministry stated that broadly the expenditure was heavy in presses where books were printed and binding work was done; whereas the expenditure was lower where sheets, forms etc. were printed. Asked whether the National Productivity Council had examined this particular point, the witnesses stated that they were examining the norms to be laid down for all the presses.

2.60. The Committee feel that in order to have effective control over expenditure in the presses, the Department should devise some method of comparison of expenditure *vis-a-vis* quantity of work done in the various presses.

*Extra expenditure—para 8(b)—Page 271.*

2.61. In June, 1959 the Forms Press, Calcutta entered into an agreement with firm 'A' for the supply of file boards at the rate of Rs. 290 per 1000 pieces.

2.62. The agreement with firm 'A' expired in June, 1962 and fresh tenders were invited in September, 1962. The lowest offer of firm 'C' at Rs. 262.25 and Rs. 79 per 1,000 file boards and bands respectively was not accepted. As a result of negotiations, firm 'A'

and firm 'B' (both of them were supplying file bands to the Press at the rate of Rs. 90 per 1,000 pieces before the fresh tenders were invited) agreed on 29th January, 1963 to make supplies at the rates quoted by the lowest tenderer. The new rates came into force from 5th January, 1963.

2.63. The extra expenditure resulting from the delay in calling for fresh tenders and in finalising the negotiations with firm 'A' and firm 'B' amounted to Rs. 31, 183.

2.64. The Committee enquired about the circumstances in which the fresh tenders were invited in September, 1962, when the old tenders had already expired in June, 1962. The witness stated that the previous contract was from June, 1959 to June, 1962. Before the contract was to expire in June, 1962, action for awarding a new contract was started in November, 1961 and proposals were sent to the Chief Controller of Printing and Stationery in March, 1962. At that time some change in the clauses of the contract was suggested and a reference was made to the Solicitor in June, 1962. As the old contract expired in June, 1962, a temporary extension of 3 months was given in September, 1962 on the same terms as of the previous contract. The witness admitted that although the necessary action was initiated in November, 1961 there was some delay till July, 1962. The fresh tenders were invited in September, 1962 on the basis of the new clauses, and the rates were received in October, 1962. The new tenderer had quoted certain lower rates, and the old contractor was consulted whether he would be prepared to supply at those lower rates. In the meantime, the old contract had been extended by a further period of 3 months upto January, 1963. The old contractor agreed to supply at the lower rates from February, 1963.

2.65. The Committee are surprised that although action for awarding a new contract was initiated in November, 1961, modification of certain clauses of the contract took about 11 months. This delay was avoidable. It is not clear to the Committee why the contract was not awarded to the lowest tenderer after receipt of tenders in October, 1962. Failure to do so not only resulted in avoidable extra expenditure at old rates for the period October to January, 1963 but also violated the sanctity of the tender system. The Committee would like the matter to be properly investigated and the result intimated to them. The Committee hope that such cases will not recur again.

*Non-recovery of dues—Para 9—Page 271*

2.66. The Forms Press, Calcutta entered into an agreement on 22nd March, 1955 for a period of 3 years (later extended to February, 1959) with a contractor for the execution of binding work for which the materials were supplied by the Press. The contractor failed to complete the job by the stipulated date and also did not return materials worth Rs. 17,142 issued to him. Against this outstanding amount the Department holds a security deposit of Rs. 6,000 and has withheld payment of contractor's bills amounting to Rs. 4,249.

2.67. The Management stated (December, 1965) that necessary action for recovery of the balance amount of Rs. 6,893 is being taken in consultation with the Ministry of Law.

2.68. The Committee enquired whether the security deposit of the contractor and the amount withheld from his bills had been adjusted against the outstanding amount due from him and the balance recovered from him. The witness replied in the negative. He added that the firm, like a number of other firms, was at the point of closing down in November, 1957, with amounts due to Government. The Department negotiated with the firm which wanted not to close down and to be allowed to repay the dues in instalments. The total dues from the firm amounted to Rs. 3,73,000. They had hypothecated their entire premises to Government and an arrangement was made that they would pay Rs. 5,000 a month towards settlement of the debts, and so far they had paid Rs. 1,70,000 leaving a balance of Rs. 1,95,000. In the present case, Government had withheld the security deposit and certain amounts from their bills. Necessary instructions had been issued that these amounts should be adjusted against the outstanding dues and the balance of Rs. 6,000 be added to the other debt of the firm.

2.69. The Committee desired to be furnished with a detailed note on entering, execution and renewal of the contract with the firm and the present position regarding adjustments/recovery of the outstanding dues from the firm. The note\* furnished by the Ministry is at Appendix IV.

2.70. The Committee consider this to be a bad case. The firm has been a habitual defaulter in accounting for the paper and materials supplied by Government in connection with binding contracts, which amounts to temporary misappropriation of these materials. They are surprised why after a physical check up of the materials conducted in March, 1957 and before signing the original hypothecation deed in August, 1959, no action was taken to ascertain the position in regard to the materials supplied against the other contracts.

\*Not vetted by Audit.



What is more, after the loss of materials in the second case came to notice in November, 1959, the firm's request to reduce the monthly instalment payable by them from Rs. 10,000 to Rs. 5,000 was accepted. The Committee find no justification for this concession. The Committee feel concerned to note that firm has failed to comply with the terms of both the original and supplementary deeds, and a balance of Rs. 1,93,860 is still outstanding from them. The Committee desire that appropriate action should be taken to safeguard Government interest in this and some action should also be taken against the firm for various defaults.

2.71. The Committee also suggest that gaining experience from this case the Deptt. should take necessary remedial measures with regard to periodical inspection of materials in the case of other firms to whom such contracts are given.

#### Audit Report (Civil), 1966

*Chief Technical Examiner's Organisation—pages 95—97, para 88:*

2.72. The administrative control of the Chief Technical Examiner's Organisation created in the Ministry of Works, Housing and Supply in 1957, was transferred from the Ministry of Works and Housing to the Central Vigilance Commission under the Ministry of Home Affairs with effect from 1 November, 1964.

2.73(A). The number of cases relating to Central Public Works Department taken up for technical examination by the Chief Technical Examiner and those in which defects were noticed are given below:—

Period	No. of bills, contracts muster rolls, works		Percentage of cases in which defects noticed
	Examined	Commented upon	
January, 1962 to March, 1963	2,348	1,371	58
April, 1963 to March, 1964	1,428	669	47
April, 1964 to March, 1965	1,219	526	45

2.74. The Committee understand from Audit that the number of cases examined by the C.T.E. during 1965-66 was 1747 out of which defects were noticed in 689 constituting 40 percent of the cases examined.

2.75. The Committee desired to know about the action taken by Government on the recommendation made in para 12.5 of their 54th Report (Third Lok Sabha) Vol. I that the scope of the Chief Technical Examiner should be enlarged to cover a larger number of cases to enable the Committee to get a fair idea of the working of the Department. The Secretary of the Ministry stated that the Chief Technical Examiner's Organisation had since been transferred to the Vigilance Commission and the Ministry of Home Affairs were concerned with the recommendation of the Committee. The Chief Technical Examiner stated that the recommendation of the Committee had been received recently (July, 1966) and was under examination.

2.76. The Committee note that the percentage of cases in which defects were noticed has further come down to 40 in 1965-66 from 43 in 1964-65 and 47 in 1963-64. But even this is a very high percentage in regard to the execution of works where defects were noticed later. Further, as the examination of the C.T.E. is limited to 25 percent to 30 percent of the total value of works, the Committee are unable to get a fair idea of the working of the Department. The Committee, therefore, desire that early action should be taken on the recommendation made in para 12.5 of their 54th Report (Third Lok Sabha) Vol. I that scope of the work of the C.T.E. should be enlarged to cover a larger number of cases.

2.77. The Committee also hope that with transfer of the C.T.E's Organisation to the Vigilance Commission under the Ministry of Home Affairs, the Organisation would be able to function more efficiently.

2.78. (B) Overpayments of Rs. 4.22 lakhs (291 cases) covering the following items of irregularities were accepted by the Central Public Works Department during 1964-65:--

	No. of cases*	Amount (in lakhs of Rupees)
(i) Sub-standard execution of works.	234	3.18
(ii) Incorrect measurements.	20	0.07
(iii) Short recovery on account of the material issued to contractor by the Department.	34	0.47
(iv) Other miscellaneous irregularities	18	0.50

\* Certain cases fall under more than one category.

2.79. The 291 cases of overpayments mentioned above include 8 cases involving over Rs. 10,000 each, another 95 between Rs. 500 and Rs. 10,000 each and the rest 188, below Rs. 500 each.

2.80. Of the amount of Rs. 4.22 lakhs mentioned above, adjustments/recoveries in 72 cases involving a total amount of Rs. 0.86 lakh were made till the end of March, 1965, leaving a balance of Rs. 3.36 lakhs.

2.81. The Committee asked about the present position regarding the recovery of the balance amount of overpayments accepted by the Department in 1964-65. The Secretary of the Ministry stated that the latest position was that the outstanding balance was Rs. 65,090 as on 1st August, 1966. Out of this amount a sum of Rs. 55,701 was under arbitration and Rs. 9,389 under recovery action.

2.82. Asked about the steps taken to avoid overpayments and sub-standard works in future the witness stated that orders had been issued impressing on the officers to ensure that overpayments were not made. The matter was also discussed at a senior officers' conference and it was considered that the Executive Engineer being rather over-worked, he was not able to pay sufficient attention to checking such things and it was recommended that the Executive Engineer should be given the assistance of an Assistant Surveyor of Works. The recommendation had been accepted and the Department was in the process of filling the post of Assistant Surveyor of Works to assist Executive Engineers. The witness added that this measure would help the Department to further tighten up the control in the matter.

2.83. In reply to a question, the witness stated that the amount of overpayment relating to sub-standard execution of works during 1964-65 was Rs. 3.18 lakhs out of the total amount of Rs. 4.22 lakhs.

2.84. The Committee feel concerned to note that out of overpayments of Rs. 4.22 lakhs accepted by the Department during 1964-65, the bulk amount viz. Rs. 3.18 lakhs related to sub-standard works. They hope that with the creation of the posts of Assistant Surveyor of Works to assist Executive Engineers the supervision of the works would improve and the possibility of sub-standard execution of works would be minimised. They suggest that the matter should be kept under constant review with a view to taking further necessary steps to avoid execution of sub-standard works and consequential overpayments to contractors.

2.85. (C) The position in regard to the recovery of overpayments in respect of the period upto March, 1964 is given below:—

Period	Overpayments accepted by the C.P.W.D.		Overpayments not recovered up to March, 1965	
	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)
January, 1957 to December, 1960.	731	19.12	103	5.82
January, 1961 to March, 1963.	788	14.65	150	6.19
April, 1963 to March, 1964.	397	4.81	157	2.34

2.86. The Committee asked for the latest position regarding the overpayments aggregating Rs. 14.35 lakhs that had been accepted upto March, 1964. The Secretary of the Ministry stated that out of Rs. 5.82 lakhs pertaining to the period January, 1957 to December, 1960, an amount of Rs. 1.61 lakhs was still outstanding. Out of this amount, a sum of Rs. 1.58 lakhs was under arbitration and a small amount was under recovery. Out of Rs. 6.9 lakhs pertaining to the period January, 1961 to March, 1963 a sum of Rs. 2.60 lakhs was outstanding of which Rs. 2.57 lakhs is under arbitration. Out of the amount of Rs. 2.34 lakhs pertaining to the period April, 1963 to March, 1964, an amount of Rs. 33,000 was outstanding including Rs. 24,000 under arbitration. So, out of Rs. 14.35 lakhs, the balance outstanding as on 1st August, 1966 was Rs. 4.54 lakhs including Rs. 4.39 lakhs under arbitration, and only Rs. 15,000 was under recovery.

2.87. Asked if any responsibility had been fixed for large overpayments to contractors the witness stated that each case was examined very carefully and whenever an officer was found at fault, departmental action was taken.

2.88. The Committee are glad to note that the Department has made a good progress in making recoveries during the period April to July, 1966. According to Audit the amount outstanding at the end of March, 1966 in respect of overpayments accepted upto 1963-64 was Rs. 12.62 lakhs. This came down to Rs. 4.54 lakhs as on 1st August, 1966, which included Rs. 4.39 lakhs under arbitration. They hope that speedy recoveries would be made by the Department in future, and such arrears would not be allowed to accumulate.

**Sub-para (D)**

2.89. (D) Disciplinary action.—The total number of cases of disciplinary action in progress at the end of 1964-65 was 23, as shown below:—

No. of cases.	Period during which reported by C.T.E. to the Ministry for disciplinary action.
13	Upto 1960
5	1961
4	1962
1	1963

2.90. The Committee asked about the present position of 23 cases of disciplinary action which were in progress at the end of 1964-65 of which 13 related to the period upto 1960. The witness stated that out of these cases 11 had been finalised and 4 were nearing completion and were expected to be finalised shortly. As regards 13 cases relating to the period upto 1960, the witness stated that 9 of these had been finalised. Asked to explain the reasons for delay in finalising the cases, the witness stated that 5 cases were interlinked with the same officers. The number of officers in each case was large and with each officer trying to hamper or delay the proceedings, the cases dragged on. In reply to another question, the witness stated that in serious cases the officers concerned were put under suspension, but in the four cases in question, no officer was put under suspension, as the proceedings were for minor penalty. Asked if the possibility of settling disciplinary cases expeditiously had been examined, the witness stated that revised procedure cutting down the time given to officers to furnish replies had been laid down by the Ministry of Home Affairs, in November-December, 1965, but it was too early to judge the results. At the same time some further improvement in the system was under examination of the Home Ministry in consultation with the Law Ministry.

2.91. The Committee would watch the results of the revised procedure introduced by the Ministry of Home Affairs with a view to expeditious disposal of disciplinary cases, through future Audit Reports. They hope that there would be no avoidable delay on the part of the C.P.W.D. in disposal of these case.

*Construction of food storage godowns—pages 97-98, para 89.*

2.92. The work of construction of six Central Food Storage Godowns at Jhinjirapole (estimated cost Rs. 25·35 lakhs) was awarded to a contractor 'A' in September, 1958 at a cost of Rs. 26·17 lakhs; the work was required to be completed by the end of September, 1959. In November, 1960 after work of a value of Rs. 17·44 lakhs had been executed, two bays of one of the godowns constructed by the contractor collapsed; further work was suspended immediately, pending investigation of the causes of collapse. Investigations by a Committee appointed by Government in November, 1960 showed (February, 1961) that the collapse was due to:—

- (i) lapping of all bars in the tie at the same section;
- (ii) congestion of reinforcements in the tie; and
- (iii) improper detailing of bars at the junction between the tie and the arch rib.

2.93. It was held that the errors in construction resulted from "insufficient attention paid in designing and detailing".

2.94. The work of strengthening of the godowns was consequently undertaken in December, 1962 at an estimated expenditure of Rs. 2.22 lakhs, and was in progress. An expenditure of Rs. 2·67 lakhs on this account has already been incurred upto September, 1965.

2.95. The contract with contractor 'A' was terminated in February, 1962 without any liability on either side, and the portion of the work which had remained incomplete at the time of the collapse of the bays in November, 1960 was entrusted to two other contractors 'B' and 'C' in July and November, 1962 respectively at a cost of Rs. 11·71 lakhs; the cost of this work on the basis of the quotations of the previous contractor was Rs. 8·72 lakhs. The collapse of the bays suspension of the work resulted in an extra expenditure of Rs. 2.99 lakhs.

2.96. The Committee asked whether any responsibility had been fixed for starting the work with insufficient designing and detailing. The Secretary of the Ministry stated that the work had been designed by a foreign expert who was a private practitioner in Calcutta and who had been recommended by the Committee on Plan Projects. When the accident occurred, a Committee of experts was set up to

look into the matter. The Expert Committee came to the conclusion that the fault was in the design and detailing. Asked if there was no system to check or re-examine the designs given by architects, the witness stated that in architectural designs, the structural engineering part was done by qualified structural engineers. And in the particular case, the person concerned was a structural expert. The witness added that "it was a new type of construction—completely new. This man was supposed to be an expert and our people had a cursory look at it and the work was allowed to be done. But he added that this was one of the rare cases where consultants were appointed. Consultants were engaged only in cases where certain details and specifications were not within the competence of the department and the officers were not in a position to verify or check the designs. Therefore, the whole responsibility was of the consultant for technical designing and detailing. But any fault in execution and construction was the responsibility of the Department. When the Committee asked whether it would be correct to say that whenever a consultant was engaged to give a design or technical data, the Department did not exercise any check, the witness replied "that would be correct."

2.97. Asked why this particular type of structure which was unknown, was selected for the purpose, the Chief Engineer stated that the Committee on Plan Projects had recommended that shell type was a suitable form of construction to adopt for the purpose of these food-grain godowns, because of greater flexibility, better lighting, possibility of reducing the godown space required per ton of storage and saving in structural steel.

2.98. The Committee pointed out that according to the report of the Expert Committee, the design had been examined by the C.P.W.D. and certain changes suggested by them were accepted by the consultant. The Chief Engineer stated that these modifications were of a very minor nature intended to increase the reinforcement. He added that in such cases the design was generally looked at by the Department but they were not in a position to check its detailed calculations nor were they competent to change the design. Anything appearing to be 'absurd' on the face of it was pointed out to the consultants but if they did not accept that, the Department could not have done anything. It was only by the Expert Committee, which went into the collapse of the building, that defective designing was detected. The witness added that when the initial design was prepared, the Department did not know very much about it but by the time the Expert Committee was appointed two years later, some knowledge had been acquired.

2.99. The Committee desired to be furnished with a note stating when the report of the Committee on Plan Project was received and at what level it was decided to have shell-type construction in this case and when the sanction was issued. In their note\* (Appendix V) the Ministry have stated the report of the Selected Buildings Projects Team on Grain Storage Structures was published by the Committee on Plan Projects in November, 1957. In the preface to the Report it is stated that the Ministries of Food and Agriculture and Works, Housing and Supply had accepted the suggestions made in the report and the action on implementing the suggestions had already been initiated. The Government of India in the Ministry of Food and Agriculture (Department of Food) issued expenditure sanction in May, 1958.

2.100. The Committee asked whether there was any defect in supervision or in materials used in the construction of the third godown which collapsed as the two godowns constructed earlier did not collapse. The Chief Engineer stated that according to the findings of the Expert Committee, the collapse was not due to want of soundness of the materials or of construction or proper execution of the work. The Committee desired to be furnished with a copy of the Report of the Expert Committee. It has been furnished to the Committee.

2.101. The Committee note the following conclusions of the Expert Committee:

- (i) The design and construction technique laid down by the inherent weaknesses and have to be improved;
- (ii) The most important factor in causing the collapse of the structure is the failure of the beam due to improper bending of the reinforcing here, resulting from improper design and detailing.

2.102. The Committee consider it unfortunate that sufficient attention was not paid by the Consultant in designing and detailing of the construction of these shell type grain storage godowns. The Committee find from the Report of the Committee on Plan Project that the consultant had also served (i) as a member of the Team for Selected Buildings Projects which recommended shell type construction for grain storage structures and, (ii) as the Chairman of the Panel of Engineers set up by the Team to study the existing designs and specifications for building of grain godowns with a view to evolving improved designs. It is all the more regrettable that the consultant who as the Chairman of the Panel of the Engineers had recommended construction of shell type godowns, should have committed serious mistakes when he was actually entrusted with the designing of the structures. The Committee regret to note that no independent opinion on the design proposed by the consultant of an altogether new construction undertaken by the Department was obtained by Govern-



ment, although they have with them the Organisations like the Central Building Research Institute, Roorkee and National Buildings Organisation, New Delhi. These Organisations were in fact, represented on the Committee constituted in November, 1960 to investigate the reasons for the collapse. The Committee hope that this will be done in future. The Committee trust that necessary action has been taken by the Department to establish an expert designs organisation to achieve economies in view of the great technological developments in recent times, as suggested by the Expert Committee.

2.103. The Committee asked for the reasons for the delay of 21 months in awarding the remaining work to other contractors and the consequential extra expenditure of Rs. 2.99 lakhs. The Secretary of the Ministry stated that an enquiry had to be made to find out the faults, and redesigning had to take place. In the meantime, the previous contractor refused to do the work, unless he was paid extra amount on account of the rise in prices. The work had to be awarded to another contractor after calling for tenders. As regards the additional expenditure the witness stated that there was addition in the cost due to new design to the extent of Rs. 1.35 lakhs and there was an increase in the total cost because of rise in prices to extent of Rs. 1.64 lakhs. The loss from collapse was Rs. 70,000. It was pointed out to the witness that the report of the enquiry committee was received in February, 1961, while the contract was terminated in February, 1962. The witness stated that it took the Department some time to work out the revised specifications based on the report of the Expert Committee and then they had negotiations with the previous contractor to carry out the work. This process took about 12 months. The contractor refused to work at old rates. Another period of 5 to 9 months was taken in calling for tenders and awarding the contract to new contractor.

2.104. The Committee feel that delay of 17 to 21 months in awarding the contract after the receipt of the report of the Expert Committee lacked justification.

2.105. In reply to a question, the Secretary of the Ministry stated that similar shell-type godowns were under construction at Borivili (Bombay) and Delhi. There were some defects found in the godowns at Borivili, but there was no accident. When the Committee drew attention to defects in the godowns at West Patel Nagar (Delhi) and Calcutta, the Chief Engineer promised to look into the matter. The Committee desired to be furnished with a statement showing; (a) the number of godowns built during the last 10 years; (b) estimates and actual expenditure in respect of each and; (c) the amount spent on repairs and remodelling.

**2.106. The Committee regret that the information has not yet been furnished. They desire that the information should be furnished to them early.**

*Expenditure on special repairs—page 98, para 90.*

2.107. The work of special repairs (including electrical installation) to the barracks at Talkatora and Gurdwara Roads was undertaken by the Central Public Works Department in 1960 at an estimated cost of Rs. 3.59 lakhs in order that the barracks might serve for a further period of about seven years. In October, 1964, after an expenditure of Rs. 3.51 lakhs (the expenditure during 1961-62 and 1962-63 being Rs. 2.17 lakhs and Rs. 1.22 lakhs respectively) had been incurred on repairs over a plinth area of 81,955 square feet, further work was stopped, as it was realised (August, 1964) that these hutments would require to be demolished for the construction of office buildings and the Parliament Secretariat building.

2.108. The work of demolition of the barracks was undertaken in 1965 but it was stopped after demolition of about one-third of the plinth area, viz., 27,611 square feet. In the meantime, however, all the offices (except for a few occupying an area of 8,557 square feet) occupying these barracks were shifted to alternative accommodation (mostly newly-constructed Government accommodation) during the period from October, 1964 to June, 1965. Government stated in January, 1966 that these undemolished buildings were being allotted to other Government offices.

2.109. The Committee asked why soon after deciding in February 1959 that the barracks should be demolished, Government decided in 1960 to do extensive repairs to them. The Secretary of the Ministry stated that in 1959, the C.P.W.D. engineers had recommended that these barracks were in a state where it would be better to demolish them rather than to spend additional money to maintain them. When this recommendation was examined by the Ministry, it was decided that in view of the shortage of accommodation these barracks should be repaired. Otherwise they would have to hire accommodation elsewhere which would cost more. The witness added that in similar other cases, "It is this business of shortage of accommodation and lack of funds that has to be taken into account from time to time to decide whether a building should be demolished or kept going." In 1964, it was decided to put up a multistoreyed building because of availability of funds to build new building. On being pointed out, that in 1960, these barracks were

repaired to be used for 7 years, the witness replied that this period was only an estimate by the engineers. He added that in 1959-60, it was not envisaged that they would be in a position to undertake the construction of a multistoreyed building which would provide much more accommodation. They were also paying high rents for private accommodation. In 3 years' period, they would have recovered the whole cost of the building compared to what they were paying outside. But then a ban was imposed on new construction, and further demolition had to be stopped. Some offices which had been moved out had to be brought back.

2.110. The Committee are surprised at the lack of firm decision on the part of the Ministry in utilisation or demolition of the barracks. The Committee feel that if the project for construction of the new buildings was not coming up, the demolition work should not have been started specially in view of the fact that barracks had been repaired at a cost of Rs. 3.51 lakhs, out of which Rs. 3.39 lakhs were incurred in 1961-62 and 1962-63 alone. Apart from the loss of one third accommodation by demolition, the expenditure on demolition and shifting of offices from and back to the barracks has become infructuous. Such half-hearted decision has caused avoidable expenditure to the Government.

2.111. Referring to the allotment of accommodation, made to the Samyukta Sadachar Samiti in these barracks, the Committee asked about the status of the body. The witness stated that "This is an organisation which has the blessings of the Home Ministry." The allotment of accommodation was made in some other building. Because that accommodation had to be vacated, the alternative allotment had been made in Gurdwara Road hutments. The accommodation allotted in Gurdwara Road hutments had not yet been occupied by the Samiti as it was under repairs. The Samiti is paying rent for the portion occupied by them somewhere else. The Committee desired to be furnished with a note stating date of receipt of the request for allotment, date of allotment, terms of allotment, justification for allotment and the present position. The note has since been furnished by the Ministry.

2.112. The Committee find from the note that an area of 1690 sq. ft. was allotted to the Samiti on 21st March, 1964 in 'L' Block free of rent but they were required to pay only service charges e.g. water/electricity charges etc. Pursuant to the recommendation of the P.A.C. that market rents should be charged from non-eligible parties, market-rate of rent of Rs. 50 per 100 sq. ft. per month was enforced with effect from 1st December 1965. Formal orders were also issued with the concurrence of the Ministry of Finance exempt-

ing the Samiti from payment of rent up to 30th November, 1965. The Samiti released area of 238 sq. ft. on 5th May, 1966 and were asked to surrender remaining accommodation by shifting to Gurdwara Road hutments as the rooms occupied by the Samiti in 'L' Block were required by the Ministry of Defence.

2.113. The Committee find no justification for allotment of Government accommodation to this private organisation, free of rent in March, 1964, when there is shortage of office accommodation for Government's own use and when they have to hire private accommodation at exorbitant rates. They note that market rent is being charged from the Samiti from 1st December, 1965.

*Construction of Ranjit Hotel—pages 99-100, para 92.*

2.114(A). To provide accommodation for single women employees in Delhi, the work of construction of a hostel for 280 employees, sanctioned by Government in March, 1963 was awarded to a contractor in July, 1963 at a cost of Rs. 20.86 lakhs (building portion only). One month after the construction had commenced, a decision was taken in August, 1963 to increase the width of the rooms, to change the sitting of the bath rooms and to provide a cantilevered gallery.

2.115. In January, 1964, it was decided to make further changes as the hostel would no longer be reserved for women employees only. Kitchenettes were proposed to be provided in some of the double room sets to serve as family accommodation. Certain further additions and alterations to be carried out were suggested in October, 1964, when the building was almost complete, to make it suitable to be run as a hotel.

2.116. Due to frequent changes, a sum of Rs. 46,708 spent on the original construction of some items of work and their subsequent dismantlement and readjustment became infructuous.

2.117. The Committee asked why the Government could not take a firm decision before starting the construction of the building and under what circumstances changes in the plan were made from time to time. The Secretary of the Ministry stated that initially it was proposed to build two hostels in Delhi for single men and women employees of Government. The singlemen's hostel at Lodhi Road was completed in record time. After it was completed, there was a lot of criticism that the rooms were too small and the bath-rooms were large and that there were no sleeping balconies. As a result the matter was examined and it was decided to make certain alterations in the design of the building for single

women's hostel at Ranjit Singh Road, the foundations of a certain portion of which had been dug. It was decided in consultation with the Finance Ministry to scrap that little portion of the foundation and to revise the plan by enlarging the rooms, reducing the area of the bath-rooms and providing sleeping balconies. Later during the course of construction it was felt that single women would not require hostel accommodation, as the allotment rules had been revised so as to make single officers also eligible for regular accommodation as married officers. Asked whether at the time of starting construction, the Department considered the likelihood of the revision of the rules, the witness replied that this question was considered separately by the Ministry and evidently, there was no co-ordination or consultation between the two sections dealing with these cases, The witness added that having taken the decision to make single women eligible for regular accommodation and to create a ladies' pool for accommodation and taking into consideration the indication from the Tourist Department that a cheap hotel would fetch foreign exchange, they finally decided to run it as a hotel. It was found necessary to provide an extra-kitchen and an extra lounge for the purpose. Earlier, it had been decided to allot some of the rooms to the Government officers as flats but this decision was changed to run it as a hotel.

2.118. The Committee find that this was another case where frequent changes were made in the plan, with the result that the scope of the work was widened, and a sum of Rs. 46,708 spent on the original construction and the subsequent dismantlement and readjustment became infructuous. In view of the fact that the question of eligibility of women employees for regular accommodation was already under consideration, the construction of a hostel for them should not have been started pending a decision in the matter. The lack of coordination between the two wings of the Ministry dealing with the two issues is regrettable. The Committee hope that there would be better planning in such cases in future.

2.119. Asked if this hotel was making any profit, the witness stated that it was running at a loss, as the occupancy was low. Out of 282 rooms, the occupancy average was 30 for the last few months. The witness added that during the winter of 1964-65, the number of foreign visitors was small and during 1965-66 visitors did not come because of the emergency. The witness expressed the view that it would take them another year or two to judge whether the hotel would be popular or not. He added that the Managing Director had been directed two months back to make a proposal for allotment of one and two blocks to Government officers waiting

for accommodation, in case he was doubtful to fill the rooms by visitors in the coming winter.

2.120. The Committee pointed out to the witness that this hostel was initially meant for single women Government employees and it was only later that a decision was taken for converting it into a hotel and asked the witness whether some rooms should not be reserved for the ladies. The Secretary, Ministry of Works & Housing stated that there was ladies pool of accommodation and in addition there was working girls' Hostel where the ladies could get accommodation. He, however, agreed that there might be many ladies amongst 75,000 persons who are without Government accommodation at present in Delhi.

2.121. The Committee are concerned to learn that occupancy in Ranjit Hotel has been very low. Out of 282 rooms, the average occupancy is 30 which works out 10.6 per cent. They desire that the reasons for low occupancy in the hotel should be analysed and necessary measures taken to make the hotel popular.

2.122. The Committee note that in case the occupancy in the hotel continues to be low, the Department propose to allot one or two blocks to Government officers. Since the project was originally intended to be a hostel for single women employees, the Committee suggest that a substantial portion of the surplus accommodation should be reserved for female officers, a large number of whom, as deposed before the Committee, may be at present without Government accommodation.

*Levelling of 330 acres of area South West of Diplomatic Enclave, New Delhi—para 93—Pages 100-101.*

2.123. Against a tender notice issued by the Central Public Works Department in March, 1962, the lowest offer was from a contractor who had offered to work at 20.05 per cent above the estimated cost (Rs. 1.54 lakhs). This percentage was, during subsequent negotiations, reduced to 17.55 but with a stipulation that a 50 per cent deduction on account of voids would be allowed in the quantity of hard rock which the contractor would pay for the excavated stone at Rs. 7.50 per hundred cft. This condition was, however, not accepted although for the purpose of payment of the cost of excavation to the contractor, deduction for voids was admissible.

2.124. Fresh tenders were invited in July, 1962, but no tenders were received. Negotiations were, therefore, conducted with the same contractor who agreed to work at 35 per cent above the esti-

mated rates without any deduction for voids from the quantity of hard rock to be charged to the contractor.

2.125. Within the agreed percentage of 35 above, the estimated rates, the contractor was allowed to adjust rates for individual items, himself, which were accepted without any regard to their reasonableness; on this basis, a uniform rate of Rs. 194 per thousand cft. was stipulated in the agreement for cutting both in hard rock as well as in soft, as against the estimated rates of Rs. 171 and Rs. 113 per ton sand cft. respectively. On actual execution, however, the quantity of work of cutting in soft rock exceeded the estimates by 121.53 per cent.

2.126. Non-acceptance of the initial offer of the contractor and acceptance of abnormally high rates for excavation in soft rock in the contract ultimately put Government to an extra liability of Rs. 58,000.

2.127. The rates for the excess execution in soft rock were not negotiated with the contractor as required under the rules, but payment therefore was made at Rs. 153.50 per thousand cft. (*viz.* estimated rate plus 35 per cent approximately) as against the estimated rate as admissible under rules. A request of the contractor seeking arbitration on the payment of Rs. 153.50 per thousand cft. as against Rs. 194 per thousand cft. provided in the contract is pending with the Department since August, 1965.

2.128. The Committee asked for the reasons for delay in furnishing Audit the comments of the Ministry on the audit para which was sent to them in November, 1965. The Secretary of the Ministry stated that the papers on the case were sent to the S.P.E. in January, 1963 in the absence of which they could not collect all the information. Asked why Audit were not informed about this the witness admitted that this was omission on the part of the Ministry and added that instructions would be issued to do so in future.

2.129. The Committee asked for the justification for not accepting the demand of the contractor for a 50 per cent deduction on account of voids in the quantity of hard rock which he would have to pay for if such a deduction was made for the purpose of payment for excavation. The witness stated that the action was taken with the intention of keeping down the costs but the end result was that instead of saving money, they had to incur an additional expenditure of Rs. 58,000. The tendered rate was reduced by negotiation from 20.05 per cent above the estimated cost to 17.55 per cent but the demand of the contractor for 50 per cent deduction on account of voids actually

meant a rate of 38.55 per cent above the estimated rate. This was considered too high and a decision was taken to call for fresh tenders so that they might get lower rates. The witness added that the loss was suffered in this case not because of the acceptance of the rate of 35 per cent above the estimated cost but because the contractor insisted on an item rate contract unlike the first contract which envisaged a lump sum payment on percentage basis. In the overall cost of 35 per cent above the estimated rates, the contractor wanted to adjust the rates of individual items. The contractor insisted on the same rates being paid for the hard and soft rock. As there was no other tender the only alternative was to accept the offer and get on with the work. In actual execution of the work, as the quantity of soft rock exceeded the estimate, Government had to pay more. Asked whether before agreeing to a uniform rate for hard and soft rocks, an assessment of the percentage of the two was made, the witness stated that the estimates were based on the test bores taken by the Department. But these test bores were not for the entire area; they were only representative. In actual digging there was usually variation from the estimates. The witness added that if the quantity of hard rock had increased, Government would have been benefited.

2.130. The Committee asked why the second contractor, who had tendered in March, 1962 was not invited for negotiation in July, 1962, after there was no response to the tender notice. The Chief Engineer stated that the second contractor had not come for negotiation when invited on the last occasion after the tenders called in March, 1962. In July, 1962 when no tender was received, the lowest tenderer of the previous tender himself came forward with an offer.

2.131. Asked about the aspects of the case investigated by the S.P.E. the Secretary of the Ministry stated that the S.P.E.'s report had been received but it did not deal with this aspect of the case. They had investigated into a number of allegations against the site staff that was supervising the work. On the point whether the actual quantities of soft and hard rock had been manipulated, the S.P.E.'s report was very clear that "there is no hanky-panky in the measurement."

2.132. The Committee asked about the position regarding the arbitration sought by the contractor on the question of payment at the rate of Rs. 153.50 per 1000 cft. for the excess excavation of soft rock instead of Rs. 194 provided in the contract. The witness stated that the arbitrator had since been appointed. There was some delay in this regard, as it was considered that after the accounts were closed,



the scope for arbitration might be smaller and the contractor might not ask for it.

2.133. The Committee note that Government suffered a loss in this case because of acceptance of a uniform rate for cutting both hard and soft rocks. The Committee see no justification for allowing the contractor to adjust the rates of individual items within overall 35 per cent above the estimated rates without regard to their reasonableness. If the contractor was insisting on these unreasonable rates and there was no other offer, the Department should have invited the second lowest tenderer of the previous tender for negotiations. This omission is regrettable.

2.134. The Committee are surprised that the quantity of work for cutting soft rock exceeded the estimates by 121.55 per cent. This points to the need of preparing the estimates more carefully in such excavation works.

2.135. The Committee would like to know the outcome of the arbitration in this case.

*Development of land at Kalkaji for allotment of plots to displaced persons from East Pakistan, Pages 101-102, para 94:*

2.136. This scheme which envisaged development of an area of 218.3 acres of land near Kalkaji and allotment of 1,561 fully developed plots to the displaced persons from East Pakistan on lease-hold basis, on payment of the full value of the plot in one instalment, was sanctioned by the Ministry of Rehabilitation in July, 1961. The work of development of the plots was to be completed in a period of 1½ years but it is still in progress.

2.137. The work of levelling of site was awarded after a call of tenders:

- (i) in July, 1962 to the Bharat Sevak Samaj for an area of 170 acres; and
- (ii) in April, 1965 to a private contractor 'A' for an area of 6 acres.

2.138. The contract with the Bharat Sevak Samaj (awarded at 22 percent above the estimated cost of Rs. 4.20 lakhs) provided for completion of this work in a period of 10 months from the date of award of the contract (July, 1962), and for the levy of compensation for delay in its execution. The work was still in progress in July, 1965

even three years after its award. No compensation for the delay has, however, been levied so far.

2.139. The delay in completion of this work has resulted in extra expenditure to Government, as detailed below:

- (i) Rs. 7,038.—Six items of work of excavation falling in the layout of the road work were transferred to another contractor at higher rates; this involved an extra cost of Rs. 11,559 up to December, 1965. In lieu of this transfer, the Samaj agreed to execute three items of excavation (involving cutting in hard and soft rocks) in the remaining area not covered by the contract. Assuming that the Samaj will execute the full quantity of work as involved in the three items of work transferred to the other contractor, the extra cost recoverable from the Samaj works out to Rs. 7,038. It had been stated by Government (December, 1965) that action to effect the recovery from the Samaj is being taken.
- (ii) Rs. 8,379.—Cartage of soling stone from a distance, which was otherwise expected to be available at the site during the execution of earth work by the Samaj.

2.140. An estimate for Rs. 8.92 lakhs for providing bulk water supply was forwarded by the Central Public Works Department to the Ministry in September, 1962, but its approval was still awaited (June, 1965).

2.141. The representative of the Central Public Works Department stated that in this case the value of work given to the Bharat Sewak Samaj was Rs. 5.73 lakhs (i.e. 22 per cent above the estimated cost of Rs. 4.70 lakhs) out of which Rs. 2.32 lakhs worth of work was done by the Samaj and the residual work was awarded to another contractor.

2.142. Referring to the extra expenditure of Rs. 7,038 on six items of works of excavation falling in the layout of the road work, the witness stated that the work was transferred to the road contractor at 35 per cent above the estimated cost. The difference between the rates was normally recoverable from the Bharat Sewak Samaj. But they offered to do an equivalent work in the adjoining area. Actually the work carried out by them resulted in a benefit of Rs. 3000 to Government. The witness added that Government did not lose anything in having the work done by the road contractor.

2.143. As regards the extra expenditure of Rs. 8,379 on account of cartage of soling stone, the witness stated that according to the contract with the Bharat Sewak Samaj they were to do only 3,000 cubic metres of rock cutting which in boulder shape would have meant about 5,143 cubic metres, but the road contractor actually required 13,000 cubic metres of stone. Therefore, sooner or later they had to get stone from outside and, therefore, in this transaction Government did not lose anything.

2.144. As regards the portion of work not completed by B. S. Samaj in the area of 170 acres (which was outside the road work), the witness stated that this was being done by a third contractor. The amount recoverable from the Bharat Sewak Samaj would be assessed after the completion of work. The witness added that the remaining portion of the work was entrusted to the contractor a few months back and was expected to be completed in two-three months. Earlier the Bharat Sewak Samaj had been reminded from time to time to complete the work, and they had assured that the labour would be increased to do the work. But ultimately the contract had to be rescinded in August, 1965. Asked why no action had been taken to levy compensation for the delay in execution of the work, the Chief Engineer stated that the work was now being done at the risk and cost of BSS. and only after the work was completed, the total liability of the Samaj would be determined in terms of (i) the additional cost which Government had to incur and; (ii) the compensation payable for the delay. The Committee enquired whether it was not possible to levy the compensation for the delay earlier in view of the fact that the contract laid down a maximum compensation of 10 per cent of the estimated cost and the work had already been delayed for more than three years. The witness stated that in order to avoid multiplicity of suits against the same contractor, the usual practice followed by the Department was to file a single suit covering all the claims.

2.145. Asked if any security deposit was taken from Bharat Sewak Samaj in this case, the Secretary, Ministry of Works, Housing and Urban Development stated that Bharat Sewak Samaj were exempted from security deposit under certain decisions. He, however, assured the Committee that the assets of Bharat Sewak Samaj will be examined for satisfying the claim of the Government when that was worked out.

2.146. The Committee are sorry to note that the development of plots which was to be completed in a period of 1½ years from July, 1961 has not yet been completed even after a lapse of more than four years. The contract for work of levelling awarded to the Bharat

Sewak Samaj had to be rescinded in August, 1965 as they could not complete the work even after more than three years of its award in July, 1962. The work is now being done by another contractor at the risk and expense of the Samaj. The Committee note that after the work is completed by the new contractor, as usual, necessary action will be taken against the Bharat Sewak Samaj to recover both the additional cost incurred by Government on the work and the compensation for the delay in completion of the work. They would like to be informed about the action taken in this regard.

2.147. Referring to the delay in the approval of estimates for providing bulk water supply, the representative of the CPWD stated that originally the Delhi Municipal Corporation had proposed to make water available from a small water main at Kalkaji, but it was later found that it could not serve the entire colony. This work was, therefore, abandoned. The witness added that the Delhi Municipal Corporation had decided to lay an other mains along Kalkaji Road and the availability of water supply for this colony would depend on the time taken by the Corporation to complete the work. The witness added that the problem of electric supply had also not yet been solved.

2.148. In view of the fact that the problems regarding bulk water supply and electric supply have not yet been solved, it is surprising how the Department expected to complete the development of plots in 1½ years; for, without these services the plots could not be allotted. The Department should have closer co-ordination with the local bodies in planning the development work. The Committee hope that the question of providing the essential services would be pursued vigorously with the local bodies concerned.

*Recoveries due from a firm—page 102, para 95:*

2.149. The contract for the work 'Construction of 120 No. Type II Quarters at Timarpur' awarded to a firm 'A' in February, 1961 at their tendered amount of Rs. 8.03 lakhs was rescinded in February, 1962 owing to slow progress in its execution, after a total payment of Rs. 39,395 had been made to them up to September, 1961. The remaining work was awarded to another firm 'B' in November, 1962 for Rs. 9.18 lakhs at the risk and cost of firm 'A'.

2.150. On the basis of the final bill of firm 'B' for the work completed by them in February, 1964, a total amount of Rs. 2.28 lakhs was recoverable from firm 'A'. A demand notice for the payment of Rs. 2.24 lakhs (after adjustment of an amount of Rs. 0.04 lakh avail-

able from the security deposit) was issued to the firm 'A' in June, 1965, but it was received back undelivered. The Department does not hold any amount due to firm 'A' against which to set off the dues. Legal steps to enforce the recovery were stated to be under the consideration of Government (August 1965).

2.151. The Secretary of the Ministry stated that in this case the contractor was untraceable. The work had been awarded to him on the basis of his past record. The contractor did certain amount of work satisfactorily, but he incurred some loss in certain works. So it was impossible for him to carry on and he ran away. Unless the contractor was traced there was no possibility of recovering the amount due from him. The Committee asked for the reasons for the delay of 16 months in assessing the dues and issuing the demand notice to the contractor. The witness stated that after the second contractor completed the work it took the Department 6—8 months to finalise his accounts. Thereafter they started to assess the amount payable by the first contractor on the basis of the work done by the second contractor.

2.152. Asked how the contractor was promoted to class II in December, 1960, the Chief Engineer stated that on the basis of his past satisfactory performance, he applied for promotion from class III to class II in September, 1960. After his promotion he took up four or five works but abandoned them apparently due to financial difficulties. In 1962 he was again demoted to class III on the ground of his bad performance. Asked why at that time he was not removed from the list of contractors, the witness stated that it was not known at that stage that he had run away. In reply to a question, the witness stated that the contractor had been registered as a resident of Delhi with a residential address in Delhi. The Committee were also informed that the Department did not go into the past history of the contractors at the time of registration. After the notice was received undelivered, the matter was reported to the Police who after investigation reported that the person was not traceable; he had left his residence five years back.

2.153. The Committee note that after the contractor was promoted from class III to II in December, 1960 he failed to complete any of the four or five works awarded to him, apparently, due to financial difficulties and ran away. This indicates that before his promotion to the higher class, the capacity of the contractor to handle works of higher cost and his financial standing were not properly verified. The Committee suggest that the Department should review the present

system of promotion of contractors to higher classes and also award of contracts to them with a view to avoiding recurrence of such cases.

2.154. They feel that in this case time of about 16 months taken by the Department to issue the demand notice to the original contractor after the completion of the work by second contractor was too long. They desire that in such cases demand notices should be issued expeditiously.

*Arbitration cases—pages 103-104, para 97:*

2.155. At the end of June, 1965, the number of cases pending arbitration was 644. An analysis of the pending cases showed that there had been considerable delays in the appointment of arbitrators, and in the preparation and filing of statement of facts by Government, as shown below:—

Period of delay	No. of cases of delay in	
	appointment of arbitrators	preparation and filing of statement of facts
Three months to one year	137	174
One to two years	48	10
Two to three years	12	..
More than three years	12	..

2.156. Normally, counter-statement of facts is required to be filed with the arbitrator within 15 days from the date of receipt of statement of facts from the contractor. This action was, however, pending in respect of 82 cases (June, 1965) although in these cases, the contractors had submitted the statement of facts between 1 and 27 months ago.

2.157. The Committee enquired about the reasons for inordinate delays in the appointment of arbitrators and filing of statement of facts by Government. The Secretary of the Ministry stated that the number of pending arbitration cases had been increasing. The Department had now got a sanction for a larger number of arbitrators and additional counsel, and they expected to speed up the work. Asked if there was any improvement in clearing of the past

arrears, the witness replied in the negative and added that as soon as additional arbitrators and counsels were in position, they would be able to show improvement. Referring to the present position the Secretary of the Ministry stated that 'I am also most unhappy about it'.

2.158. As regards the delay in the preparation and filing of the statement of facts, the witness stated that under the old procedure after the receipt of the contractor's request for arbitration, the papers were first examined in the Chief Engineer's office with a view to determining the points that were arbitrable. That examination meant calling for reports, looking into various details etc., which took a lot of time before the case went to the arbitrator. There was a complaint from the contractors against this procedure on the ground that it took time and that it was the Chief Engineer who sat in judgment in the first instance as to what points he would like to refer to arbitration. A new procedure had been started since April, 1963 laying down that as soon as an application for arbitration was received, it would be straightway sent to an arbitrator and it would be left to the arbitrator to decide on the points that were arbitrable or not.

2.159. The Committee asked about the action taken on their recommendations contained in para 62 of their 39th Report (Third Lok Sabha) that the feasibility of appointing a Registrar of Arbitration Cases should be examined. The Secretary of the Ministry stated that the recommendation was considered and it was felt that the appointment of a Registrar would not really be of any help in expeditious disposal of the cases. What the Department needed was a sufficiently large number of arbitrators and counsels to attend to the cases. Asked at what level this recommendation of the PAC was considered, the witness stated that the decision was taken by the Secretary. On being pointed out whether it was not considered necessary to put up the file to the Minister before not accepting the recommendation of the PAC the witness admitted that it was an omission and added that he would submit the case to the Minister.

2.160. The Committee hope that the appointment of additional arbitrators and counsels and the revision of the procedure for the preparation and filing of the statements of facts will help in speeding up disposal of arbitration cases. They however still feel that apart from these measures the Ministry should also seriously consider the feasibility of appointing a Registrar of arbitration cases, as suggested in para 62 of their 39th Report (Third Lok Sabha).

Sub-para (B) A review of 50 cases in which awards totalling about Rs. 2.06 lakhs went against Government during 1964-65, showed the following lapses on the part of the Department:—

No. of cases	Amount involved	
	Rs.	
8	25,784	Timely and proper notices to the contractors notifying the Department's intention to levy compensation for failure to complete the work in time or to rectify the defects were not issued; decision to levy compensation was not communicated to the contractors over the signatures of the Superintending Engineer as required under the relevant clauses of the agreement.
5	14,211	Defective work/work below specifications was not got re-done in exercise of the provisions of clause 14 of the agreements; instead, sub-standard work paid at full rates in the first instance was subsequently accepted at reduced rates.
5	8,035	The Department could not produce the documents/original papers required by the arbitrators in support of the Department's claims, the papers were either reported to be lost or found missing from the files.
2	7,655	There was failure on the part of the Department to make adequate arrangements for supply of water to the contractors as provided in the agreement.

2.161. The Committee asked whether any remedial measures had been taken to avoid recurrence of the lapse regarding non-issue of timely and proper notices to the contractors notifying the Department's intention to levy penalty for failure to complete the work in time and/or to rectify the defects. The representative of the Ministry stated that the Chief Engineer had issued two orders of



general nature dated 12th August, 1964 and 8th September, 1965 in this connection to his Department. The Committee desired to be furnished with a note stating the specific steps taken or proposed to be taken by the Department to avoid the various lapses mentioned in the Audit para. The information is still awaited.

2.162. The Committee enquired about the action taken on the recommendations contained in para 62 of their 39th Report (Third-Lok Sabha) that a careful study of the reasons for arbitration awards going against Government should be undertaken in every case with a view to taking remedial steps including disciplinary action where called for. The Chief Engineer stated that they had made a review of the arbitration cases. Referring to the review carried out for the Calcutta Zone, the witness stated that during the years 1963 and 1964, out of 30 cases in which the arbitrators had given awards, seven were in favour of the Department. In one case where the arbitrator had fully decided in favour of the contractor the award was set aside by the Court on appeal. Out of the remaining 22 cases, the awards in 13 cases were partially in favour of the contractors, while in two other cases lump sum awards were given but the amounts awarded were less than those claimed by the contractors. The number of cases decided fully in favour of the contractors was 7. The witness further stated that if the cases were totalled up, in 77 per cent of the cases, the Department had been able to conduct the proceedings successfully before the arbitrators either fully or partially. In some of these cases the arbitrators had not accepted the claim for the Department for delays in completion of works under clauses 2 and 3 of the agreement as justified. In others the arbitrator had not considered certain recovery measures as justified. In the cases which went fully in the favour of contractors, there was no evidence to show that the cases were not conducted efficiently and diligently. The arbitrators generally did not indicate the reasons in their awards and as such these awards could not be challenged in a court of law. In some of the cases where reasons were given, the Department had challenged the awards.

When the Committee pointed out that out of 30 cases, only 8 cases were decided in favour of the Department and in the remaining cases the claims of the contractors were accepted fully or partially, the Chief Engineer stated that the arbitration cases arose out of the interpretation of the terms of the contract.

2.163. From a statement furnished by the Ministry showing the details of these 30 cases, the Committee find that out of the contrac-

tors' claims aggregating to Rs. 7,11,451, the arbitrators awarded a sum of Rs. 3,56,207 in favour of the contractors. This means that about 50 per cent of the amounts claimed by the contractors, was upheld in arbitration. It is also significant to note that out of Rs. 22,367 claimed by Government, only a sum of Rs. 2,236 was awarded by the arbitrator in their favour, which works out to about 10 per cent.

2.164. Asked whether any remedial measures had been taken as a result of the review, the Chief Engineer stated that the question of looking into this aspect would arise if the Department had not defended any of the cases properly. When the Committee pointed out that the review suggested by them was to analyse the reasons for losing so many cases in arbitration and they did not suggest that the Department were not arguing the cases properly, the Secretary of the Ministry promised to look into the matter more deeply.

2.165. Asked if any action had been taken to make the contract from more explicit and unambiguous to avoid arbitration cases being lost because of the defective interpretation of the terms of the contract, the Secretary of the Ministry stated that the Department was reviewing the form in the light of work contract forms in other countries, and also trying to rectify any ambiguities.

2.166. In para 62 of their 39th Report (Third Lok Sabha), the Committee had suggested that in every case where arbitration award is given against Government, a careful study of the reasons for the same should be undertaken with a view to taking remedial steps including disciplinary action where called for. The Committee are surprised that Department have understood this to mean only a review whether the cases were conducted before the arbitrators efficiently and diligently. What the Committee had desired was that an analysis should be made of the lapses on the part of the Department committed during the execution of the works which resulted in the cases going against the Government in arbitration. The Committee desire that a review on these lines should be made in each case with a view to taking remedial measure and disciplinary action where called for. If arbitration cases are lost due to ambiguities in the contract form, these should be removed.

2.167. The Committee note with concern the various lapses pointed out by Audit on the part of the Department revealed in a review of 50 cases in which awards totalling about Rs. 2.06 lakhs went against Government during 1964-65. They were informed that certain general instructions had been issued by Department in this behalf but

they have not been informed about the specific steps taken by the Department to prevent the recurrence of such lapses. The Committee desire that Department should review their instructions and ensure that these were made exhaustive enough to provide specific measure to be taken in order to safeguard against losses arising from such lapses. The Committee also desire that in the 50 cases where review was conducted by Audit, the Government should examine how far non-observance of prescribed instructions or negligence of the various officials resulted in loss to Government.

*Shortages of stores: page 104—para 98:*

2.168. During the three years ending March, 1964, stores of the value of Rs. 5.29 lakhs were found short on receipt at the port by the P.W. Divisions of Andaman and Nicobar Islands. The stores were purchased through the Director General, Supplies and Disposals and were sent through the shipping agents after due verification by the Director General, Supplies and Disposals' inspecting staff. The shortages have not been investigated, nor had they been regularised so far (December, 1965).

2.169. The Committee asked about the total value of the stores found short by the Public Works Divisions of the Andaman and Nicobar Islands during the years 1961-62 to 1963-64. The Secretary of the Ministry stated that according to the figures given by the Andaman and Nicobar Administration on 4th December, 1965, the total losses amounted to Rs. 3.56 lakhs (1961-62 Rs. 98,865; 1962-63 Rs. 2,20,912; and 1963-64 Rs. 36,428). The witness added that the Department had been repeatedly asking the Administration to give more details, but nothing had been received from them. Asked if the attention of the Ministry of Home Affairs had been drawn to this, the witness replied in the negative. The witness added that they would now take up the matter with the Ministry of Home Affairs. The Comptroller and Auditor General pointed out that according to the information available with Audit, the shortage amounted to Rs. 27,446 in 1964-65 and Rs. 1,24,436 in 1965-66. The Secretary stated that he would ask the Chief Commissioner to reconcile his figures with those of the Accountant General, West Bengal.

2.170. In reply to a question, the Secretary stated that it was for the Andaman & Nicobar Administration to investigate the losses and fix responsibility in the matter. The Ministry of Works, Housing and Urban Development were only concerned with the head of the account; the Ministry of Home Affairs were responsible for

the administrative control. The witness added that it had been decided that from the next year the head of the account would come under the Demands of the Home Ministry.

2.171. From a copy of the telegram dated 13th September, 1966 from Andaman and Nicobar Administration furnished by the Ministry of Works Housing and Urban Development, the Committee find that according to the Administration, the losses arising due to pilferage in transit amounted to Rs. 3,81,025 losses in PWD stores amounted to Rs. 1,29,850 and losses due to breakage amounted to Rs. 15,314 aggregating Rs. 5,26,189 up to the year 1963-64. Losses due to breakage and pilferage in transit amounted to Rs. 45,382 in 1964-65 and Rs. 91,743 in 1965-66. Losses detected in PWD stores at the time of physical verification conducted in May, 1965 amounted to Rs. 54,784.

2.172. The Committee take a serious view of these heavy losses which have taken place due to pilferage in transit and also losses detected during physical verification of P.W.D. stores. They desire that these shortages should be investigated and responsibility fixed for losses and the losses should be regularised. Also necessary remedial measures should be taken to avoid recurrence of such losses due to pilferage etc.

#### DELHI DEVELOPMENT AUTHORITY

##### *Progress in the disposal of developed plots—Pages 185-186—Para 150.*

2.173. In paragraph 120 of the Audit Report (Civil), 1965, mention was made of the slow progress of development of the land acquired under the scheme of "Large Scale Acquisition, Development and Disposal of land in Delhi". The following table indicates the position, as on 30th September, 1965, of the disposal of the plots developed by the C.P.W.D. and handed over to the Authority upto 30th June 1965:—

Scheme	Plots developed and handed over upto 30th June, 1965		Plots not disposed of upto 30th September, 1965		Value of the plots in column (3) at the reserve prices
	No. of plots (1)	Area (In sq. yds.) (2)	No. of plots (3)	Area (In sq. yds.) (4)	(In lakhs of rupees)
Residential	2570	6,08,154	289	70,487	27.42
Industrial	533	12,29,888	492	11,21,094	237.43

### *Residential Scheme*

2.174. According to the Authority, 145 plots, which were taken over in December, 1964, had to be surveyed and demarcated again during the period May, 1965 to August, 1965 due to wrong demarcation done earlier, while 14 plots were involved in a boundary adjustment with a private firm of colonisers. Some of the plots were originally earmarked for allotment to those whose land was acquired but their reservation was cancelled in July, 1965, while the bids received for some other plots were low and had to be cancelled.

2.175. The Authority stated (January, 1966) that 227 plots were disposed of after September, 1965.

### *Industrial Scheme*

2.176. The delay in the disposal of the plots has been attributed mainly to the absence of essential services like electricity, water and sewage in the developed areas. The Authority has stated that some time was taken in getting the recommendation of the Director of Industries, who had to assess the land requirement in each case and that the allotment of the land was also linked with the programme of shifting of industries from non-conforming areas in accordance with the Master Plan. In the case of small scale industries, the Delhi Administration had recommended to Government in May, 1964 that the plots should be allotted at a proper market price to be fixed by the Chief Commissioner (and not disposed of by auction). The proposal was stated to be under the consideration of Government (January, 1966).

2.177. The Committee enquired about the latest position regarding the development and disposal of the residential and industrial plots. The Vice-Chairman of Delhi Development Authority stated that upto 31st March, 1966, 1,899 acres were developed out of which 754 acres were for residential plots and the remaining for industrial plots. Besides there were 4,430 acres under various stages of development. Asked about the number of residential plots actually developed and sold, the witness stated that upto 31st March, 1966 out of 3,043 residential plots taken over by the Authority, they had disposed of 2,652. As against 587 industrial plots taken over, 443 had been disposed of, which included some plots which they had not taken over. The balance on hand was 323 industrial plots. In reply to a question, the witness stated that some residential plots had been sold by auction. Plots of 125 and 150 sq. yds. were sold to low-income groups and some plots had been given to those persons whose lands had been taken over.

2.178. Referring to the delay in the disposal of industrial plots due to absence of essential services like electricity, water and sewage, the Committee enquired about the action pursuant to their observations in para 2.113 of their 42nd Report (Third Lok Sabha) for taking suitable measures for better co-ordination with local bodies for providing essential services. The Vice-Chairman of the D.D.A. stated that they had been meeting periodically in order to sort out these difficulties and that the necessary cooperation from the Municipal Authorities had been forthcoming. He added that unfortunately there were certain difficulties and the Corporation had not been able to keep up the target dates. The D.D.A. had now worked out a realistic schedule with regard to the services. There were certain areas where the Corporation would not be able to make the services available for a considerable length of time. As far as electricity was concerned, they had been able to make the service available in all the areas. But as regards water supply and sewage, it would take a considerably long time to get these services. The D.D.A. had to make their own arrangements.

2.179. The Committee were informed last year (Para 2.108 of 42nd Report—1965-66) that it was expected that a total area of about 2,400 acres would be developed by March, 1966. But actually only an area of 1,899 acres was developed upto 31st March, 1966. The Committee feel concerned over the short-fall in the development work and over the slow progress in the disposal of plots, especially the industrial plots because of absence of essential services like electricity, water and sewage. The Committee hope that with closer co-ordination with the local authorities the Delhi Development Authority would be able to adhere to the target dates fixed by them. In case of the areas which are already developed, the Authority should vigorously pursue the question of providing the essential services.

2.180. The Committee drew attention to their recommendations contained in para 3.24 of their 42nd Report (Third Lok Sabha) that some more relief should be given in case of those persons whose lands had been acquired and who had been allotted residential plots as it was primarily through the acquisition of land of these people that large profits had been made by the D.D.A. The Housing Commissioner, Delhi Administration stated that it was too early to infer that large profits had been made under this scheme, as certain liabilities such as enhancement in the cost of acquisition allowed by the courts had yet to be met. The witness added that in the accounts of D.D.A., provision had been made under the Land Cost Equalisation Reserve Fund and Development Reserve Fund with a view to meeting future expenditure on account of large scale enhancement on the acquisition of land and unforeseen expenditure on

additional items of development of land to be carried out subsequently to make the colonies habitable. As regards the relief to the persons whose lands had been acquired, the witness expressed the feeling that sufficient relief had already been provided under the scheme and land had been allotted to them at fixed rates of premium which were lower than the rates on which land was being disposed of by auction to general public. The witness further stated that compensation was paid by the Land Acquisition Collector under a quasi-judicial procedure. Where the individual was not satisfied he had the chance to go to the District Judge for enhancement. The Committee pointed out that all the parties, poor and illiterate people, did not go in for appeal; but where a party approached the superior Court, the compensation was almost invariably enhanced.

**2.181. The Committee would like to reiterate the recommendation made by them in para 3.24 of their 42nd Report and desire that some more relief should be given to the persons whose lands have been acquired.**

*Non-renewal of expired leases—page 186, para 151.*

2.182. In the Audit Reports on the accounts of the Authority for 1957-58 and 1958-59 reference was made to the loss of revenue arising from non-renewal of leases which expired during the period 1948 to 1956. In a note submitted to the Public Accounts Committee in July, 1965, in pursuance of paragraphs 30 and 31 of their Eighteenth Report (Third Lok Sabha), the Authority informed the Committee that it had taken the following decisions in July, 1964:—

- (i) Re-development plans for the areas in question would be completed within one year and that till then the leases would not be renewed, but instead the lessees would be allowed to remain in possession of the land.
- (ii) Rent and damages for the past and future period of one year would be assessed and recovered early by taking stern measures.
- (iii) Enquiry would be made to ascertain the circumstances under which valid notices for cancellation of the leases were not issued for several years and to fix responsibility therefor.

2.183. During the course of audit of the accounts of the Authority for 1964-65, in September, 1965, it was noticed that action had not been completed till then on the lines indicated above. It was also noticed that the Internal Auditors of the Authority had pointed out

in May, 1965 that in respect of one estate (Qadam Sharif), there were 622 plots where the leases had expired during the period January, 1953 to January, 1962 and that the arrears of revenue, as shown below, had not been recovered:—

Number of plots	Nature of lease	Date from which lease expired and demands not raised	Estimated annual arrears of revenue at the old rates of rent
			Rs.
197	Monthly	1 January, 1955 in some cases and 1 January, 1962 in others	18,897
213	3 Yearly	1 January, 1953	25,045
212	20 Yearly	1 April, 1955 to 2 May, 1956	10,408

2.184. The authority had informed Audit in January, 1966 that "out of 622 plots, leases for 394 vested in the Custodian of Evacuees Property for which the demands at enhanced rates of 1952 have been raised against him. In the case of the remaining 228 non-evacuee plots, the demand for rent/damages in the case of monthly leases and damages in the case of 3 year and 20 year leases for the periods subsequent to those shown in the said table have been raised separately except in a few disputed cases. As most of the lessees have not paid the demands, action is being taken against them to effect recoveries of rent under the Punjab Land Revenue Act and of the damages under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958".

2.185. The Committee asked about the total number of areas for which redevelopment plans were to be prepared and the number of cases in which the work had been completed and when the remaining work was expected to be completed. The Vice-Chairman of the D.D.A. stated that there were 17 areas for which re-development plans were to be completed. These were very congested areas and the work could be taken up only with the help of special staff. At present they had been able to draw up plans for two areas which were under publication for inviting public objections. In four areas which formed part of bigger zonal areas it would not be possible to



prepare re-development plans until the zonal plans were ready. As regards the remaining 11 areas, the plots were so small and scattered that re-development plans might not be necessary.

2.186. The Committee asked about the present position with regard to the assessment and recovery of damages from the parties who had been in unauthorised occupation of the lands. The witness stated that out of 708 cases, 162 cases had so far been completed. Notices had, of course, gone in 628 cases to various parties. In almost all the cases people had been contesting the D.D.A.'s right to charge the damages. Since the cases were not progressing very satisfactorily, they had now entrusted all these cases to an officer who was exclusively doing this job of assessing damages. Asked for the reasons for non-issue of notices in some of the cases, the witness stated that each case had to be examined for purpose of computation of both the lease rent and damages which took a lot of time. In some cases notices could not be served because of non-availability of the parties and in some others revised notices had to be issued taking into account the number of persons actually in occupation of the land which originally stood in the name of one person.

2.187. The Committee feel concerned to note that much headway has not been made to implement the decisions taken by the Authority in July, 1964 with regard to completion of redevelopment plans and assessment and recovery of rent and damages. The Committee desire that adequate attention should be given to the question of renewal of the leases which expired as early as 1948 to 1956 and to the recovery of arrears of rent and damages.

2.188. Referring to non-recovery of arrears of revenue in 622 cases in Qadam Sharif Estate, the Committee asked when the demand was raised against the Custodian of Evacuee Property and what was the present position of recovery. The witness stated that the demands for 364 evacuee plots were being raised against the Custodian from 1951-52 onwards. The total demand for rent against the Custodian of Evacuee Property upto 30th June, 1964 was Rs. 7.86 lakhs out of which Rs. 3.10 lakhs had been recovered leaving the balance of Rs. 4.76 lakhs.

2.189. The Committee trust that vigorous efforts would be made to recover the outstanding demand of Rs. 4.76 lakhs from the Custodian of Evacuee Property. They also desire that in the case of 228 non-evacuee plots recoveries should be effected expeditiously.

**Audit Report of the Accounts of the Delhi Development Authority  
for the year 1963-64.**

**Para I (b):**

2.190. The analysis of Receipts and Payments indicates that the total administrative expenses of the Authority during the year 1963-64 amounted to Rs. 16.03 lakhs. It is understood from Audit that this increased to Rs. 19.40 lakhs in 1964-65.

2.191. The Committee asked whether the report of the officer who had been appointed to streamline the existing procedure and methods of work in the office of the Authority, had been received. The witness stated that the report was received in December, 1965. The officer had suggested reorganisation of the office of the D.D.A. and upgrading of a number of posts of officers and subordinates mostly to bring them in line with the set up in Delhi Administration. The witness added that instead of economy in expenditure, the implementation of the recommendations of the officer might involve an additional expenditure of roughly Rs. 1 lakh. A Sub-Committee had been appointed to go into these recommendations and its report was still awaited.

2.192. The Committee feel concerned over the increase of administrative expenditure of the Authority from Rs. 16.03 lakhs in 1963-64 to Rs. 19.40 lakhs in 1964-65. They hope that adequate measures would be adopted to keep the administrative expenditure under control.

**Outstanding Income, para I (d).**

2.193. The position of uncollected demand at the end of 1963-64 in respect of all the three accounts is shown below:—

S. No.	Particulars	Genl. Dev. A/c.	Nazul-I A/c.	Nazul-II A/c.
(figures in lakhs of rupees).				
1.	Premia	1.87	..	98.19
2.	Ground Rent	1.18	15.94	..
3.	Other receipts	1.49	..	..
4.	Decretal Amount	0.01	..	..
5.	Master Plan & Copying Charges	0.08	..	..
6.	Damages	1.38	55.37	..
7.	Revenue from Nazul Works and Improvement Schemes	..	14.25	..
<b>Total</b>		<b>6.01</b>	<b>83.56</b>	<b>98.19</b>

Note: The above figures do not include amounts recoverable from Lem-Barder the accounts of which are stated to be under scrutiny by a Reconciliation Board constituted by the Authority.

2.194. Out of the total outstanding income of Rs. 6.01 lakhs and Rs. 85.56 lakhs under the General Development Account and Nazul-I Account, a sum of Rs. 2.09 lakhs and Rs. 17.73 lakhs respectively relate to the years 1958-59 to 1962-63. The figures under Nazul-I Account are stated to be provisional and do not include the damages yet to be assessed in about 4,000 cases. The year-wise details of the uncollected demand in respect of Damages (Rs. 55.37 lakhs) under Nazul-I Account were not available with the Authority.

2.195. The outstanding income of Rs. 98.19 lakhs under Nazul-II Account related to 1963-64.

2.196. The Committee asked the latest position of recovery of the uncollected demands. The witness stated that the latest position of outstanding dues was Rs. 5.53 lakhs in the General Development Account, Rs. 54.51 lakhs in Nazul-I and Rs. 39.89 lakhs in Nazul-II, totalling Rs. 99.93 lakhs. The witness added that the outstandings in Nazul-II would be realised without much difficulty, as these related to the lands sold to various parties. The outstandings in Nazul-I, which related to lease money and damages would take some time to be recovered.

2.197. The Committee enquired about the progress of assessment and realisation of damages in respect of 4,000 cases under Nazul-I referred to in the Audit para. The witness stated that assessments had still to be made in 2,106 cases. Out of the outstanding amount of Rs. 79.83 lakhs assessed in respect of all these cases, the amount recovered so far was Rs. 42.64 lakhs.

2.198. The Committee desire that vigorous steps should be taken to recover the outstanding demands under the three accounts viz. General Development, Nazul-I and Nazul-II, especially those under Nazul-I Account some of which relate to the period as early as 1958-59. They also desire that action should be expedited to assess damages in the remaining 2,106 cases under Nazul-I Account and, in future, efforts should be made to avoid accumulation of assessment work.

*General Development Account—para 2.*

*Sub-para (c):*

2.199. The Authority decided in March, 1963 to undertake 10 projects for construction of 346 houses under the 'Hire-purchase Housing Scheme' during the year 1963-64 (total estimated cost of Rs. 96.99 lakhs). Only two projects involving 82 houses (estimated cost Rs. 19.94 lakh) were entrusted to the CPWD in April, 1963 and the CPWD had intimated that these were expected to be completed by 31st March, 1965. The Delhi Development Authority stated in April,

1965 that these are "practically ready". A sum of Rs. 15.46 lakhs was spent upto February, 1965.

2.200. The Authority stated in January, 1965 that the "remaining 8 projects were entrusted to reputed private firms of Architects for designing and supervision of construction. Of these, tenders in respect of some projects have already been accepted and work thereon will commence shortly. Tenders for the remaining projects are under consideration. The provision for the purpose in the Revised Estimates for 1964-65 and Budget Estimates for 1965-66 amounts to Rs. 13 lakhs and Rs. 43 lakhs respectively and the bulk of the available funds are expected to be utilised next year."

2.201. The Committee asked about the date of completion of the houses by the CPWD (without connected services) in the two projects entrusted to them and the date on which they were taken over by the Authority connected with services). The witness stated that the actual dates on which the construction including the connection of services was completed by the CPWD in these two projects were 9th July, 1965 and 30th September, 1965 respectively. The date on which the services were connected was not available. The witness however, added that the construction work and the arrangements of services proceeded simultaneously. Asked about the disposal of the houses, the witness stated that out of 164 flats, 4 were utilised as staff quarters and the remaining 160 were advertised for sale to low income group persons by drawing lots at a reserved price. Out of these 160 houses, 50 yet remained to be sold. These 50 unsold houses were located in an area which had not proved to be very popular and they did not receive as many applications for sale as anticipated.

2.202. The Committee are not satisfied over the slow progress in the construction of houses under the Hire Purchase Housing Scheme. Out of 346 houses decided to be undertaken for construction during 1963-64, only 164 have been constructed so far. They desire that the construction of the remaining 182 houses should be undertaken early.

2.203. The Committee trust that necessary steps will be taken to dispose of the 50 unsold houses and in future the Authority would keep in mind the popularity of the locality before embarking upon such projects for construction of houses.

*Para 3—Nazul Account No. 1*

2.204. This Account incorporates transactions relating to old Nazul Estate comprising of 14.162 acres of land taken over by the

Authority as successor of the former Delhi Improvement Trust. Owing to resumption of lands by Government, from time to time, the area under the management and control of the Authority on 1st April, 1963 and 31st March, 1964 were only 7,512 acres and 7,366 acres respectively. At the time of transfer of Nazul Estate to the Authority, it was stipulated that the Authority would pay to Government annually a sum of Rs. 2 lakhs which was based on the surplus of income over expenditure for the year 1935-36. It was also provided that the amount would be adjustable on *pro-rata* basis in respect of lands taken back by Government under Section 22(4) of the Delhi Development Act, 1957. Any further sums remaining surplus at the close of each year were to be utilised after obtaining direction from the Government of India regarding such utilisation.

2.205. The Cash Balance and investments in this Account at the end of the year 1963-64 amounted to Rs. 73·13 lakhs. In para 8 of the Eighteenth Report (Third Lok Sabha) the Public Accounts Committee (1963-64) had commented upon the heavy accumulation of balances in this account because of the non-execution of the various schemes of development. The Public Accounts Committee were informed by the Authority in November, 1963 that certain schemes of development to be financed out of this account had been prepared. But the total expenditure on works and development schemes during 1963-64 amounted to Rs. 0·37 lakh only and no such schemes were included in the Budget Estimates of the Authority for the year 1964-65.

2.206. The Authority has stated (January, 1965) that "Schemes estimated to cost Rs. 511·75 lakhs and involving an expenditure of Rs. 13·35 lakhs during the two years 1964-65 and 1965-66 have since been prepared and approved by the Authority; and the Government of India have desired (December, 1964) that the balance of surplus funds amounting to Rs. 67·65 lakhs should be refunded to Government."

2.207. Detailed estimates in respect of the Schemes involving expenditure of Rs. 511·75 lakhs indicating also the period during which the estimated expenditure was proposed to be incurred had not so far been prepared. (February, 1965).

2.208. The Committee asked whether any specific proposals had been made to Government by the Authority in regard to utilisation of the surplus funds. The witness stated that they had sent proposals for utilisation of surplus funds on various development schemes like construction of factories, cycle market etc. estimated to cost Rs. 5·13 crores. Schemes estimated to cost Rs. 3·99 crores had been

accorded the first priority and the remaining schemes for Rs 1.14 crores had been placed under second priority. The scheme for the cycle market (costing Rs. 150 lakhs) was in an advanced stage. Detailed estimates in respect of two schemes viz. development of Junk shops in Jhandewallan and a truck terminal had been prepared and sanctions had been issued. An expenditure of Rs. 5.40 lakhs had already been incurred on the scheme of Junk Shop upto May, 1966. The work on truck terminal site could not be started as a civil suit was pending in the court and vacant land was not available.

2.209. As regards the question of refund to Government the surplus funds amounting to Rs. 67.65 lakhs, the witness stated that in view of their commitments on these schemes, the Authority had requested Government to be allowed to utilise these surplus funds.

2.210. In para 8 of their 18th Report (Third Lok Sabha) the Committee were critical about the heavy accumulations of cash balance in Nazul I Account from year to year due to the fact that various schemes of development could not be executed according to schedule. They regret to note further heavy increase in cash balance and investment under this Account, which aggregated to Rs. 73.13 lakhs at the end of 1963-64, Rs. 213.45 lakhs at the end of 1964-65 and Rs. 221.10 lakhs at the end of 1965-66. As against this large cash balance, the amount actually spent on the development schemes so far has been negligible. Even the detailed estimates of all the schemes have not been prepared. The Committee desire that the reasons for slow progress of the schemes should be investigated. To the extent the funds are not required by the Authority in the near future, these should be refunded to Government.

NEW DELHI;

November 25, 1966.

Agrahayana 4, 1888 (Saka).

R. R. MORARKA,

Chairman,

Public Accounts Committee.

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**APPENDICES**

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## APPENDIX I

### DEPARTMENT OF TRANSPORT, SHIPPING AND TOURISM

(Ref. Para 1.20 of Report)

As stated in the Audit Report, the work of the bridge over the river Bhagirathi at Berhampur was entrusted to M/s. Gammon (India) Ltd., on 1st December, 1960 on a lump sum contract of Rs. 22.18 lakhs. The time for completion was 33 months i.e. the work was to be completed by 31st August, 1963. The contractors had given a condition in their contract as follows:—

“We estimate that the bridge can be completed in 33 months from the date of work order provided there are no holdups beyond our control (such as delays in procurement of essential construction materials and delays in approval of calculations and drawings)”.

2. In the grave emergency arising out of Chinese aggression on the 20th of October 1962, it was decided that the construction of bridges in the Eastern region should be accelerated. M/s. Gammon (India) Ltd., were requested to find ways and means for making the Bhagirathi bridge traffic-worthy before the rains of 1963. They undertook to make the bridge traffic-worthy by August, 1963 by erecting centering simultaneously for two out of three large spans and by arranging to launch the girders for the third (middle) large span by means of a launching truss. The contractors, however, asked for extra payment of a sum of Rs. 3.6 lakhs for the extra expenditure to be incurred by them on employing additional centering and other materials, launching truss and other incidental expenditure due to increase in the tempo of work. Since the new date of completion was the same as originally stipulated in the contract, the Chief Engineer was requested to elucidate why additional amount should be paid to the contractors for this purpose. The Chief Engineer explained during discussions and later confirmed in writing that, although the date of completion as per contract was 31st August, 1963, there had been several causes of delay on which the contractors had no control, and therefore, they were entitled to an extension of time at least upto June, 1964. In this connection Annexure\* A may be seen. The con-

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\*Not printed.



tractors' demand for an additional payment was thus justified, and it was agreed towards the end of November, 1962 that the contractor be permitted to go ahead with all the arrangements for earlier completion of the bridge and that the amount of Rs. 3.6 lakhs asked for by them should be examined and whatever was reasonable should be accepted. After scrutinising the demand of the contractors, it was accepted for a sum of Rs. 3.5 lakhs in consultation with the Ministry of Finance. A supplementary contract was signed on 14th February, 1963. This contract provided conditions to the following effect:—

- (i) The extra payment of Rs. 3.5 lakhs would not be subject to the completion of the work by the due date (31-8-1963) but would be made irrevocable provided the contractor made a sincere endeavour to meet the target date and no charge of incompetence or *malafides* could be attributed to him.
- (ii) In the event of contractor's failure to make the bridge traffic-worthy by 31st August, 1963, he shall pay compensation at Rs. 1,000 per day for such time beyond 31st of August, 1963 as the bridge is not made traffic-worthy provided, however, that in case of any flood in the river earlier than the 15th July, 1963 and of such a nature as to seriously interfere with the progress of work, the contractor shall be granted extension of time for a reasonable period and no compensation shall then be payable for the period prior to the date as such extended. The total amount of compensation was to be limited to 5 per cent of the contract value and was recoverable from contractor's bills or security deposit or by any legal means.
- (iii) An advance of Rs. 5 lakhs was to be paid on production of a requisite surety from a scheduled bank and in a form approved by the Government in order to assist the contractor in financing the work to the extent required to ensure progress. This advance was recoverable from their running account bills in 8 equal instalments or as may be specified by the Government.

3. The points mentioned below are relevant in connection with delays beyond the control of the contractor due to which he was entitled to certain extension of time:—

- (i) The foreign exchange of Rs. 57,350 which was applied for by the contractor on 27th June, 1961 was released on 18th

December, 1962 and 10th January, 1963. The materials were required for the superstructure of the bridge. The action taken for the release of foreign exchange is given in detail in Annexure\* B. It took almost a year and a half to get the release of foreign exchange. This was due to the cumulative effect of several references that had to be made for obtaining the release.

- (ii) The departmental supply of high tensile steel wire as provided in the contract was delayed. The Department had arranged for the import of some high tensile steel from Japan through the Iron & Steel Controller under D.L.F. Credit. This steel started arriving at the Indian ports from June, 1960 onwards. In some cases, the steel had to be retained at the port pending maturing of demand at the respective bridge sites. The original allocation of supply of steel to Bhagirathi site was made on the 24th March, 1960. This however, had to be changed because by that time the contract for Bhagirathi bridge had not been awarded. The steel for this bridge was later allocated on 10th May, 1961. 74 tons of the steel actually reached the site on 18th and 27th December, 1961. But this steel was found to be rusted and pitted to some extent. The site engineers were not sure whether that steel could be used. The samples of this steel were therefore tested at the Alipur Test House and their report dated 17th September 1962, indicated the strength varying from 94.35 to 102.46 tons per square inch. The specifications for supply of steel prescribed the minimum strength as 95 tons per square inch. The quality of steel was, therefore, in order according to the specifications of supply, but the Bhagirathi bridge had been designed for a high tensile steel of the strength of 100/110 tons per square inch. Therefore, the steel was not considered suitable for this bridge and it was sent to other bridge works in North Bengal where the design prescribed the use of steel with 95 tons per square inch strength. It may be mentioned that Bhagirathi bridge had unusually long spans of 257 feet, the longest span of pre-stressed concrete attempted in India. The normal spans for pre-stressed concrete bridges in India were between 150 and 170 feet. For such a long span, it was necessary to use steel of higher tensile strength. High tensile steel from another site (Rupnarain bridge site) was then directed to be sent for use at Bhagirathi bridge. It arrived at the site on 4th to 12th Febru-

ary, 1963 and on 24th or 25th March, 1963. Annexure\* C gives the information in fuller details.

(iii) In the lump sum tender for a bridge, the contractors are generally permitted to tender on the basis of their own design as an alternative. In this case the contractor's alternative design was found suitable and accepted. At the time of tendering, a contractor gives only an outline design. The detailed design is prepared by the contractor after the award of work. The design is cleared from time to time in the following order:

- (1) Design of foundations.
- (2) Design of piers and abutments.
- (3) Design of superstructures.

This is done so as to permit the start of work of foundation as quickly as possible. The details about the time when these designs were received and checked by the officers of the Public Works Department and the officers of the Roads Wing are given in a note received with the Chief Engineers' D.O. No. 82/X-6, dated 4th January, 1962 attached in Annexure\* A. It is very difficult to apportion the delay between the contractor and the approving authority, because in the matter of design the final decision is often taken after detailed discussions. In any case, the delay caused by item (i) above by itself justifies the extension of time.

4. After the decision to accelerate the work, the contractor started the work of staging and shuttering for two of the large spans, viz., Nos. 1 and 3. The work of concreting the superstructure for span No. 3 was nearly completed on 1st July 1963. Some of the cables had also been stressed and the last two gaps, each 6 ft. wide, were scheduled to be concreted on the 10th July 1963. In the meantime, the work of concreting the superstructure on span No. 1 had also been taken up and more than 50 per cent of the work had been done. The span No. 3 collapsed on the night between 9th July 1963 and 10th July 1963. With the collapse of this span, the whole situation changed and a new problem arose as to how to remove the huge mass of concrete that had fallen into the river or was leaning against one of the piers. There was also a very serious situation in regard to the span No. 1 where the concreting was in progress. With the blockage of a large part of the river on the right bank side due

to the collapse of span No. 3, the water current was diverted rapidly towards span No. 1 endangering the staging of that span. Had that span also fallen, the major portion of the river would have been blocked, causing much higher flood with consequential danger to Behrampore town on the left bank of the river. The contractor, therefore, arranged for a large number of sand bags for dumping by the side of the staging at suitable points to afford protection to the span No. 1. These measures had to be continued because of the constant rise in the river level. The concreting of span No. 1 was thus carried out and completed under very difficult circumstances and at great risk. It was completed on 26th July 1963. The completion of the bridge by launching the girders of the middle large span was at that stage not possible because the span No. 3 had collapsed. But there was every likelihood of making the bridge traffic-worthy in the remaining period of over a month, if the span No. 3 had not collapsed. It was the intention to cast the pre-stressed concrete girders for the middle span on the completed span No. 3 and then to shift them on to the middle span by means of the launching truss.

5. It is mentioned in the Audit report that in June 1963, the Executive Engineer complained that no effective steps had been taken by the contractor since the middle of May to expedite the work in spite of repeated requests. It is no doubt true that the Executive Engineer had sent such letters to the contractor. His complaint generally was that while the site people were working well, it was the headquarters staff of the contractor which was not playing their part as well as they should. The Executive Engineer apparently was trying to press the contractor very hard to ensure maximum progress but he seems to have overlooked certain site limitations and difficulties that had to be solved in the initial stages of the work of superstructure. For example, the Executive Engineer suggested the use of 100 tarpaulins for providing cover during the monsoon. The use of tarpaulins on the superstructure was not practical due to high winds at a height of more than 70 ft. above the river bed. The Executive Engineer also desired that the contractor should have an arrangement for concreting at a rate of 2000 cft. per 24 hours. The total quantity of concrete required for one span was 23,000 cft. after deducting the diaphragms which had been done already. At the rate of 2000 cft. per day, the entire concreting would have been completed in about 12 days. This was not the programme of the contractor. He had in his letter dated 27th May, 1963 informed the Superintending Engineer that on Khagraghat side he expected to complete the concreting and pre-stressing by about the 6th July 1963 and on Behrampore side by about 30th July 1963. The contractor actually

achieved these targets and therefore the complaint of the Executive Engineer appears to be not quite justified. He did not apparently take into account the fact that in the initial stage when the teething troubles have to be overcome, the rate of concreting must necessarily be low specially because of the very extraordinary design of this bridge.

6. Inspection of site by the Officers of the Public Works Department and the Road Wing, after the collapse of Span No. 3, did not give any clue as to the cause of the collapse. The design calculations were re-checked and they were found to be in order. The quality of material in the finished work also appeared to be very good. The possibility of a sabotage was also considered and the matter was discussed with the District Magistrate, Murshidabad, who told the Executive Engineer after a few days that there was no indication of sabotage. The Inspector General of Police was recently contacted because the PAC desired to know if any report of investigation was on record. He has given a note which with its enclosures is attached at Annexure\* D. The note includes a copy of the report dated 13th July 1963 from the Superintendent of Police, DIB, Murshidabad to the Deputy Inspector General of Police, Traffic and Wireless, West Bengal, and indicates that there was no subversive design behind the collapse. Since the cause of collapse could not be found the State Government appointed a Technical Committee on 5th August 1963 under the chairmanship of Shri T. Mitra, retired Chief Engineer, Public Works Department and retired Member of Public Service Commission, West Bengal. The Committee paid several visits to the site. The report, however, has not yet been received. It is understood that the report is nearly complete, and it may be available shortly. The long time taken in finalising the report appears to be due to the fact that some investigation had to be carried out from time to time after the site inspections of the Committee.

7. In order to remove the debris, help was taken of the Army authorities for removing the pieces standing against the pier. Later on, the concrete mass that had fallen into the river had to be removed by very slow and careful blasting using small charges so as not to disturb the rest of the work. Some of the pieces were lying deep beneath the level of the water and had to be blasted under water. The work on reconstructing the collapsed span could, therefore, start only in October 1964. The bridge has been recently completed.

8. With regard to the point about the contractors having been paid Rs. 1.14 lakhs for the collapsed span after the actual collapse, this payment was made under orders from the Chief Engineer under

very special circumstances, which even though not quite regular, is not unjustified. In the supplementary agreement for accelerating the work, the contractors had not only asked for an extra payment of Rs. 3.5 lakhs but had also stipulated that a sum of Rs. 5 lakhs be advanced to them on the production of requisite surety from a scheduled bank in such a form as may be approved by Government. This advance was to be recovered from the running account bills in eight equal instalments or as specified by Government. There was delay in making this advance payment, because the contractors were unable to produce the requisite surety in the proper form. By the time they could produce a proper surety, one of the spans had collapsed and there was no likelihood of their completing the work by August, 1963. At the same time, it was still necessary for them to complete the concreting in progress on the other large span very quickly before the river registered a higher flood. Due to the collapse of one of the spans, the river was blocked in about one-third of its cross-section and the water current became very much stronger in the other span. There was thus a greater tendency for washing away of the staging and centering of the other span. The contractor had to use a very large number of sand bags and brick-bats etc. for protecting the staging and centering and they were in great need of money. Since the Chief Engineer could not pay the advance of Rs. 5 lakhs, he decided to let the contractors have the balance of Rs. 1.14 lakhs for the work already completed in the collapsed span, although this span had to be reconstructed. There was no doubt a risk of loss to the Government if the contractors did not take up the work of the collapsed span. But being conversant with the contractors' reputation, and the fact that the Department had a security deposit from the contractor, the Chief Engineer was of the view that the payment should be made. In view of the very special circumstances, where a very much bigger loss would have occurred and considering the very grave threat to the Berhampur town (located on the left bank) in case of collapse of the second span as well which was very likely if the work had not proceeded quickly due to paucity of funds, the action of the Chief Engineer deserves to be supported.

9. \*Annexure E gives the list of payments made to the Contractor from time to time, the security deposit in hand with the Department and the amount of payment still due to the Contractor for the work done.

10. Four tenders were received for the work on 14th August 1959. The ~~fact~~ value of the tender of M/a. Gammon India Ltd., was

Rs. 23,28,750. The figures for other tenders were:

- (1) S. No. 1—Rs. 22·95 lakhs.
- (2) S. No. 2—Rs. 23·87 lakhs.
- (3) S. No. 3—Rs. 26·16 lakhs.

The tender of S. No. 3 was too high. Design of S. No. 1 was not acceptable as they had proposed a design in ordinary reinforced concrete and not pre-stressed concrete. The ordinary reinforced concrete girders would be very deep and would require raising of the approach roads at an extra cost of Rs. 2·68 lakhs. The two tenderers in the field, therefore, were M/s. Gammon India Ltd. and S. No. 2. After evaluating their conditions the tender of M/s. Gammon India Ltd. worked out to Rs. 24·17 lakhs and that of S. No. 2 to Rs. 24·51 lakhs.

The tender of M/s. Gammon India Ltd. was accepted, being the lowest.

11. The information given in paras 9 & 10 is being supplied in accordance with the directions given by the PAC on 1st September, 1966.

12. The supplementary agreement which was drawn up after deciding to pay the contractor an additional amount of Rs. 3·5 lakhs for accelerating the work included rather an unusual condition that the payment of this amount would be made irrevocably provided the contractor made a sincere endeavour to meet the target date and no charge of incompetence or malafides could be attributed to him. The salient parts of the conditions of this contract have been mentioned in paragraphs 2(i), (ii) & (iii) of this note. These conditions were agreed to on account of the following considerations:—

- (a) Since there had been hindrances to the progress of work on account of causes beyond the control of the contractors, they were entitled to a suitable extension of time beyond 31st August, 1963. In the normal course, therefore, they could not be expected to complete the work during the monsoon of 1963. Due to Chinese aggression it was felt that the completion of bridge by August, 1963 was worthwhile if it could be done even at some additional cost.
- (b) The original idea of the contractor to construct the three spans was by using one set of staging and centering suc-

cessively on three spans one by one. In the accelerated programme he agreed to bring two sets of staging and centering to be used on the first and third span simultaneously. The middle span was to be constructed with the help of a launching truss because by that time the river would have been in floods. The contractor had to incur additional expenditure on items such as—

- (i) the second set of staging and centering;
- (ii) launching truss; and
- (iii) working overtime etc.

Copies of contractor's letters EZO|BHAG-Br|11112|62, dated the 24th November, 1962 and No. EZO|BHAG.B|202|63, dated the 3rd January, 1963 are enclosed at Annexure\* F. They give the details of additional expenditure. It will be seen that for many of the items only depreciation on the additional capital expenditure has been taken into account.

13. The payment of Rs. 3.5 lakhs to the contractor, therefore, really amounts to a payment on account of additional work to be done by him within a certain limited period for accelerating the completion of the bridge. This amount becomes due to him unless it is proved that he had not discharged his part of the contract due to any malafides or incompetence. As the work was being carried out in the bed of a river and at a time when early floods could have dislocated all arrangements, there could have been a situation due to which the contractor inspite of his best efforts would not have been able to complete the work within the stipulated period. In such a case he still would have incurred the expenditure in making all the arrangements for accelerating the work. It was the payment against this expenditure which the contractor desired should be ensured. In case, he failed to complete the work within the stipulated period, there was another provision in the contract for the delay. Against this provision the contractor was to pay a compensation of Rs. 1,000 per day subject to a maximum of 5 per cent of the contract value. Thus the contract provided two specific conditions namely;

- (i) The contractor would be paid Rs. 3.5 lakhs if he made sincere efforts to accelerate the work by bringing additional

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\*Not printed.



materials and labour etc., for the purpose and working without any malafides or incompetence on their part; and

- (ii) In case the work was delayed beyond 31st August, 1963, he was liable to pay compensation.

*Sd./- Director General (Road Development) &  
Additional Secretary to the Govt. of India.*

## APPENDIX II

(Ref. Para 2.10)

GOVERNMENT OF INDIA

### MINISTRY OF WORKS & HOUSING

#### *Conclusions/Recommendations of Public Accounts Committee*

The Committee consider it unfortunate that Government which allotted accommodation at concessional rent or free of rent to B.S.S. were not sure whether all these were being used fully or partly for the purpose for which these were allotted. The Committee consider that periodical investigation is essential in order to ensure that the Government accommodation allotted to private parties is being utilised for the purpose for which the allotment was made. They hope that this will be done in future in respect of all accommodation allotted to private parties. In view of the continued shortage of accommodation for Government purposes, the Committee are of the view that the practice of giving Government accommodation to private parties should be discontinued. In very special circumstances where such accommodation is given purely as a temporary measure, full market rate should be invariably realised. The irregular practice of giving hidden subsidy to private organisations by giving Government accommodation free or at concessional rent should be discontinued.

[Serial No. 33(ii) of Appendix XLVIII (Para 43) to the 34th Report of P.A.C. (3rd Lok Sabha)].

#### REPLY:

The use of the accommodation in Janpath Barracks allotted to the Bharat Sevak Samaj for the Occupational Therapy Institute, by the Industrial Training Institute came to notice through an on the spot inspection by an officer of the Directorate of Estates.

Government have accepted the recommendation of the Public Accounts Committee regarding the discontinuance of the practice of allotting accommodation to private parties, charging full market rent when accommodation is given in very special circumstances to private parties, and checking periodically that the accommodation so

allotted is utilised by the parties concerned for the purpose for which it was allotted. Suitable instructions have been issued vide this Ministry's Office Memorandum No. 2/35/65-Acc.I, dated the 19th July, 1965 (copy enclosed).

NEW DELHI;  
August 31, 1965.

C. P. GUPTA,  
*Jt. Secy. to the Govt. of India.*

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No. 2/35/65-Acc.I

GOVERNMENT OF INDIA

MINISTRY OF WORKS AND HOUSING

*New Delhi, dated the 19th July, 1965*

OFFICE MEMORANDUM

**SUBJECT:**—*Recommendation of the Public Accounts Committee that Government accommodation should not be allotted to private parties.*

The undersigned is directed to say that the Public Accounts Committee (third Lok Sabha) in para 43(ii) of their Thirtyfourth Report (extract enclosed), have recommended that in view of the continued shortage of accommodation for Government purposes, the practice of giving Government accommodation to private parties should be discontinued and that if in any special circumstances any such accommodation is given purely as a temporary measure, full market rate should be invariably realised. This Ministry have accepted the recommendation and issued suitable instructions to the Directorate of Estates accordingly. It has also been decided to accept the Committee's recommendation that in all cases where Government accommodation is allotted to private parties, it should be periodically checked that the accommodation is being utilised by the parties concerned for the purpose for which the accommodation was allotted to them.

2. The Ministries/Departments etc. of Government of India, who have got their own departmental pool of accommodation, are requested to consider the Committee's recommendations and issue instructions in respect of the accommodation under their control.

3. It may be clarified that the instructions referred in para 1 above are not applicable either to the Hotels and Hostels under the control of this Ministry or the Vigyan Bhawan, where accommodation will continue to be made available to private parties as heretofore on payment of the prescribed tariffs. \*

B. M. LAL,

*Under Secy. to the Govt. of India.*

To

All Ministries, etc. of Government of India.

## APPENDIX III

(Ref. Para 2·17)

GOVERNMENT OF INDIA

### MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT

#### *Conclusions/Recommendations of Public Accounts Committee*

"The Committee consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body. The Committee also understand that there is a judgement of the Supreme Court on a similar issue. They desire that speedy action should be taken to derequisition such buildings and the Committee should be informed of the action taken".

[*Serial No. 34 of Appendix XLVIII (Para 44) to the 34th Report of P.A.C. (Third Lok Sabha)*].

Reply: —

There are only six requisitioned houses which are with the Government for a long time and are in occupation of private bodies etc. Government have accepted the recommendation of the Public Accounts Committee regarding derequisitioning of the requisitioned buildings occupied by private bodies etc. and have also taken into consideration the judgement of the Supreme Court dated the 29th August, 1961, in the appeal case of Triveni Kala Sangam, where the Supreme Court held the view that the landlords were entitled to be put in possession of the flats requisitioned by the Government, if they were not put to use for the purpose for which they were requisitioned. These cases were reviewed by the Government and the decision taken is noted against each.

(1) *York Hotel*.—4 flats on the 1st and 2nd floors will be derequisitioned as soon as they are vacated. The remaining nine flats have since been derequisitioned. The allottees of the ground floor of the premises, Messrs. York Restaurant and Manohar Bakery have been allowed to retain the accommodation as Shri Ram Prasad, an ex-lessee of the premises, has filed a suit in the court against the owner, claiming possession of the premises in the event of its derequisition and has obtained a stay order. In order to avoid any legal complication, it has been decided to postpone the derequisition of the premises pending final decision of the court.

(2) *No. 2, Racquet Court Road.*—Shri J. S. Paintal, the grand-son of Late Baba Kharak Singh, who was in occupation of the house, is negotiating with the owner i.e., the Government of Rajasthan for its purchase. He has also paid an amount of about Rs. 30,000 as earnest money. It was, therefore, decided on the 22nd July, 1965 to allow him to retain the house till the negotiations are finalised provided he continues to pay the rent of the building regularly. The total amount of arrears of rent due from Shri Paintal works put to Rs. 1420 till the 31st March, 1966. The question of recovery of arrears from Shri Paintal is being vigorously pursued. In fact, Shri Paintal had given a cheque for Rs. 568.00 towards the payment of arrears of rent in respect of house No. 2 Racquet Road but the cheque was not honoured.

(3) *No. 26, Basakha Singh Building.*—The allotment of the flat in question has been cancelled in the name of Bharat Sewak Samaj with effect from the 15th September, 1965. They have, however, been allowed to retain it upto the 31st March, 1966 on the grounds that they were not able to arrange for alternative accommodation and that they would start construction of their building at Rouse Avenue. The question of derequisitioning the flat will be considered as soon as the house is vacated by the Bharat Sewak Samaj.

(4) *5, Sikandra Road.*—This is occupied by the Lady Irwin College. It was decided on the 22nd July, 1965 that the College might be allowed to retain it firstly because it is an educational institution and secondly because the college authorities intend to purchase a triangular plot adjoining the college for construction of their own building.

(5) *59, Regal Building.*—This is occupied by the All India Congress Committee. It was decided on the 22nd July, 1965 that the All India Congress Committee may continue to retain it in view of their difficulties in arranging for alternative accommodation.

(6) *Out houses in Kapurthala House.*—It was decided on the 15th October, 1965 in consultation with the Ministry of Law to allow Dewan Jarmani Das to retain the accommodation because of the earlier commitment of the Government to allow him to retain it as long as the house is under requisition. The ownership of the premises is under dispute and derequisition is therefore not possible till a decision is given by the Court.

NEW DELHI;  
30th April, 1966.

VIRENDRA KUMAR,  
Jt. Secy. to the Govt. of India.

## APPENDIX IV

(Ref. Para 2.69)

### MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT

SUBJECT:—*Para 9 (Section XXV)—Audit Report (Commercial) 1966.  
Government of India Presses—Non-recovery of dues.*

In the meeting held on 2nd September, 1966, the Public Accounts Committee desired to have a detailed note on the non-recovery of dues amounting to Rs. 17,142 from a contractor. These were in respect of an agreement entered into by the Forms Press, Calcutta, in 1955 for Binding work. The dues represented the value of materials supplied to the firm but not returned by it. The demand for surplus material with the firm originally stood at Rs. 30,814.58 P. The firm delivered back some of the material, bringing down the outstanding to Rs. 17,141.92. Efforts by the Manager to secure the return of material worth this amount proving abortive, he placed a final demand on the firm on 13th November, 1961. The firm's replies were unsatisfactory. The Manager, therefore, reported the matter to the Chief Controller of Printing and Stationery on 4th July, 1962. The Printing and Stationery Department was at that time already in the process of safeguarding Government's interest in regard to certain other outstandings against the same firm, per details given in the ensuing paras. The intention was to realise the above amount by the method *viz.*, by keeping the firm going and realising Government dues from its bills.

2. This firm, Robin Press, is a proprietary partnership Company, the partners being Shri Mera Lal Bose s/o late Shri Amrita Gopal Bose, Shrimati Karunamayee Bose, widow of late Shri Tincore Bose and Shri Abhas Kumar Bose s/o late Shri Tincore Bose. The registered office of the Company is at 36, Strand Road, Calcutta, and the works at 35 Mirpara Lane, Salkia, Howrah. They were an approved contractor of the Assistant Controller O.P., Calcutta, and were getting contracts from time to time from him. Material accumulated with this firm was found to be of about Rs. 4 lakhs worth which had been collected by the firm during the period 1952—58 for execution of Government orders. Efforts were made continually to reduce the size of these outstandings. Local inspection brought to light that the firm did not have a major portion of the

materials in its possession, as revealed by a physical check-up conducted by the Manager, Government of India Forms Press, Calcutta and the Assistant Controller, O.P., Calcutta in November, 1957. The firm had been ascribing the absence of material to various factors including spoilage in long storage, etc. The matter was taken up with the Government Solicitor at various stages and it was felt that Government's interest would be best safeguarded by allowing this Press to continue to function, as only then there was a chance of Government's recovering the outstanding dues. The firm, while owning its responsibility for Government paper and material lost while in its custody, offered to hypothecate its machinery and property to Government. The value of the machinery was assessed at about Rs. 1,00,000 by the Controller of Printing taking into account present state, original value, market value etc. Government agreed to this proposal and a hypothecation deed owning responsibility to Government for Rs. 3,50,828 net was signed on 21st August, 1959 by the firm's partners on behalf of the firm and by the Secretary, Ministry of Works, Housing and Supply, New Delhi, on behalf of the President of India. It was laid down in this deed that the firm would clear the outstanding amount of Rs. 3,50,828, with interest @6 per cent per annum from the date of the deed until payment in full, by monthly instalments of Rs. 10,000 in cash or by adjustment from bills of the same amount or partly in cash and partly by such adjustment.

3. A report was received from the Government of India Stationery Office, Calcutta, in November, 1959 that the firm had also failed to return material worth Rs. 18,748.44 supplied to it against a Stationery Office, contract for 1958-59. Against this liability, the Stationery Office held the firm's assets amounting to Rs. 2,616.95, i.e., there was a net liability of Rs. 16,131.49. The firm not being in a position to clear the dues and a civil suit or arbitration being of no avail as the entire assets of the firm were already hypothecated to Government, Government agreed that this net sum of Rs. 16,131.49 should be a second charge against the hypothecation. In the meantime, the firm had been pressing for reduction in payment of the monthly instalment of Rs. 10,000 as stipulated in the original hypothecation deed. Government agreed to reduce it to Rs. 5,000 or 50 per cent of the value of the bills submitted in a month whichever was more. This stipulation was also included in the supplemental deed drawn up on 9th October, 1961, between the firm's partners and the Joint Secretary, Ministry of Works, Housing and Supply, for realising the Stationery Office dues of Rs. 16,131.49.

4. The Manager, Government of India Forms Press, (now Government of India Press, Temple Street) Calcutta, intimated on 1st July,



1962 that the firm had failed to account for paper and material supplied by him against a Binding contract for 1955—58, despite a demand for Rs. 17,141.92 placed on the firm on 13th November, 1961. Against this amount, Government holds the following assets of the firm:—

(i) Security Deposit against Binding contract for 1955—58	Rs. 5,000.00
(ii) Security Deposit against Binding contract for 1959—62	Rs. 1,000.00
(iii) Admissible amount of bills withheld against 1955—58 contract.	Rs. 3,061.79
(iv) Cost of 13,250 file bands (ready made) supplied under the contract for 1959—62.	Rs. 1,127.25
(v) Cost of 200 pieces straw board Supper Royal supplied by the firm against B.O. No. R-88 dated 19th December, 1957, less the cost of 72 pieces straw board of the same quality due from the firm (Rs. 92.95—Rs. 33.46)	Rs. 59.49
Total:	Rs. 10,248.53

This means that the net liability is Rs. 6,893.39.

This is the amount referred to in the Audit Para. In 1965, the question of securing these dues also, by entering into a revised supplemental deed of hypothecation and a few other points, e.g., depreciation of the value of the hypothecated plant and machinery was examined. As suggested by the Ministry of Law, the advice of their Calcutta Branch was sought. On their advice, a letter was addressed to the firm on 8th August, 1966, asking it to explain the reasons for non-compliance of the terms and conditions of the principal hypothecation deed dated 21st August, 1959 and the supplemental hypothecation deed dated 9th October, 1961. The firm prayed on 19th August, 1966 for extension of time by a fortnight to give a reply, which was agreed to. As a reply was not received within the time given, further action is being pursued.

5. The following safeguards in addition to the Hypothecation Deed have been introduced after the huge outstandings culminating in original hypothecation deed had come to notice:—

- (i) The insurance coverage has been increased from Rs. 25,000 to Rs. 50,000 and supplies of material against new jobs is kept within this limit.

- (ii) Periodical inspection of the Press by Progress Inspector attached to O.P. Branch, Calcutta, with particular reference to the stock entrusted to the Press.

6. The latest position of accounts as on 31st July, 1966 with the firm is:—

(i) Amount due per original and supplementary deeds.	Rs. 3,66,959.49
(ii) Net amount due to Government of India Press, Temple Street, as per audit para. (Rs. 17,141.92 — Rs. 10,248.53)	= Rs. 6,893.39
	<hr/>
Total: (excluding interest)	Rs. 3,73,852.88
(iii) Recoveries made (including interest)	Rs. 1,79,992.88
	<hr/>
Balance due:	Rs. 1,93,860.00
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## APPENDIX V

(Ref. Para 2.99)

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT

No. 12011(5)/65-W.

New Delhi, dated the                      October 1966

### OFFICE MEMORANDUM

With reference to Para 89 of the Audit Report (Civil) 1966, the P.A.C. have asked for the following information/papers, etc.:—

- (i) When was the report of the Committee on Plan Projects received and when and at what level was it decided to have shell type construction in this case?
- (ii) When was the sanction issued for the construction of godowns?
- (iii) Since when have the firms having well qualified structural engineers and architects who could take up this type of work been in existence and undertaken such work?
- (iv) A copy of the report of the Expert Committee which went into the collapse of the buildings may be furnished.
- (v) How many extensions were given to the contractor and on what grounds?
- (vi) A statement showing (a) the total number of godowns built during the last ten years; (b) estimates and actual expenditure in respect of each; (c) the amounts spent on repairs and remodelling.

*seriatim*:—

2. The information required by the P.A.C. above is furnished below

- (i) The report of the Selected Buildings Projects Team on Grain Storage Structures was published by the Committee on Plan Projects, New Delhi, in November, 1957. In the preface, it was stated that the Union Ministers of Food and Agriculture and of Works, Housing and Supply had accepted the suggestions made in the report and that action on implementing the suggestions had already been initiated.

- (ii) The Government of India in the Ministry of Food and Agriculture (Department of Food) issued expenditure sanction *vide* their letter No. 32/2/57-SG-III, dated the 27th/28th May, 1958 for construction of shell type godowns of about 28,000 tonnes capacity at Jhinjirapol (Calcutta).
- (iii) Para 5 of the report deals with administrative and other arrangements for implementation of the recommendations of the Committee. Para 5.2 stated that the design of shell structures was comparatively new to India. It was, therefore, necessary that arrangements should be made for introducing this technique among the engineers who were likely to undertake tasks of this kind in the near future. Para 5.4 of the report dealt with the question of the agency for construction of shell type godowns and stated that there were very few firms that had experience of putting up shell structures.
- (iv) A copy of the report mentioned is forwarded herewith in duplicate. (Not printed).
- (v) Reference is invited to this Ministry's O.M. No. 12011 (5) / 65-W4, dated the 30th September, 1966. (Not Printed).
- (vi) Necessary information is being collected by the Additional Chief Engineer (Food), C.P.W.D. and will be furnished as soon as possible.

S. CHAUDHURI,

*Deputy Secretary to the Govt. of India.*

To

The Lok Sabha Secretariat,  
NEW DELHI.

## APPENDIX VI

### Summary of main Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1	1.9	<p>Transport &amp; Aviation (Deptt. of Transport &amp; Shipping)</p> <hr/> <p>Finance</p>	<p>The Committee regret to note that even though the contractor finally applied for foreign exchange formally in June, 1961, the Ministry could get the foreign exchange only in December, 1962 and January, 1963 i.e., after 18 months. The Committee feel that this time of 18 months in getting the foreign exchange released was too long and it has cost the exchequer both extra money and time. They desire that the Ministry of Transport and the Ministry of Finance should look into the delays which have taken place at different stages and take suitable remedial measures.</p>
2	1.21	Transport & Aviation (Deptt. of Transport & Shipping)	<p>The Committee are perturbed to find that due to delays on the part of the Department, Government had to pay an extra amount of Rs. 3.5 lakhs to the contractor to compensate him for completion of the bridge by August, 1963. They regret to note that in spite of this extra payment which was made to enable the contractor to complete the bridge in time, the due date of completion viz., August, 1963 could not be adhered to and the construction of the bridge was completed only in July, 1966.</p>

- 3 1.22 -do- The Committee are also not happy with the workings of the supplementary agreement entered into with the contractor. They are surprised that an unusual and vague clause regarding completion of the work was included in the supplementary agreement with the result that the completion of the bridge by the target date was not guaranteed even after a definite commitment to an additional payment of Rs. 3.50 lakhs.
- 4 1.23 -do- The Committee would like to be informed of the penalty imposed/or compensation claimed from the contractor for delay in completion of work.
- 5 1.38 Transport & Aviation  
(Deptt. of Transport & Shipping  
Law The Committee regret to note that there was some error or omission in the contract in as much as in the penalty clause, clause 12 which related to the delivery of the vessel at Kandla was not mentioned. They would like the Administrative Ministries as well as the Ministry of Law to take suitable steps to ensure that such lapses in respect of legal documents do not occur in future. They are, however, glad to be assured in evidence that this omission will not stand in the way of recovery of liquidated damages from the firm. The Committee will like to be informed of the final position of recovery in due course.
- 6 1.39 -do- The Committee also regret to note that the Ministry of Law did not examine the document (viz. agreement) as a whole and gave an opinion which was not based on the complete examination of the whole contract. Even the witness from the Ministry of Law admitted in evidence that personally he thought that a claim for

damage would lie in this case and promised to reconsider the case. The Committee desire that the Ministry of Law should be more careful in examining the document and in giving their considered opinion.

The Committee regret to note that no satisfactory arrangements were made by the Border Roads Organisation for the receipt, custody and accounting of spare parts of vehicles and equipment purchased from a foreign country. On the other hand, there was laxity and carelessness on the part of the staff. They are also surprised to find that information asked for by the suppliers for taking up the question of shortages with the main suppliers was not available with the Border Roads Organisation.

The Committee feel that during the period of 5 years since this loss of Rs. 3.52 lakhs took place, no serious effort had been made to make good this loss or to obtain compensation.

The Committee trust that the Border Roads Organisation would take suitable steps to check recurrence of such losses in future and to improve the procedure regarding handling of receipt of stores.

The Committee regret that an avoidable expenditure of about Rs. 1.22 lakhs was incurred on pay and allowances of the staff during the period October, 1963 to December, 1964 before disbanding the Park Company.

11 1.61 -do- The Committee trust that with the measures adopted by the Border Roads Organisation there would not be any infructuous expenditure in future in such cases and the deployment pattern of the manpower would be more realistic and economical.

12 1.68 -do- The Committee are perturbed to find that two sets of Asphalt machines which were purchased from Japan at the cost of Rs. 5.64 lakhs remained mostly unutilised and are still lying idle. They regret to find that these machines could not serve the purpose for which they were purchased (construction of roads in Himalayas). They would like to be informed of the final decision to effectively utilise the machinery.

13 1.69 -do- The Committee would like to know the circumstances under which this work of making purchases of machines was entrusted to such persons who did not have enough knowledge of these machines and the problems with which they were confronted with and why demonstration of the machines was not insisted upon before hand.

14 1.70 -do- The Committee understand from Audit that on opening the packages, it was found that there were some deficiencies and after ascertaining that they were not available from indigenous sources, orders were placed for the missing components from Japan. These are stated to have since been received and the machines tested in March/September, 1965.

15 1.71 -do- The Committee desire that the circumstances under which some parts were found deficient should be investigated and responsibility

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fixed for the missing components. They should be informed of the result of investigation.

16 1.78 Transport & Aviation  
(Deptt. of Transport & Shipping)

The Committee are unhappy to note that the Delhi Administration has been able to locate only 22 members of the Delhi Educated Persons' Co-operative Transport Society Ltd., out of 35 members and proceedings had not yet been initiated against them. They desire that action should be taken without further delay to recover Government dues from the Society.

17 1.90

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The Committee are surprised to note that the post of the manager of the Cooperative Society was filled by a stenographer instead of by a State Civil Service officer. The Committee desire that the Ministry should look into the case of appointment of the stenographer to the post of Manager to find out if he was considered competent enough to hold the job also how far he was responsible for the ultimate fate of the society.

18 1.91

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The Committee also regret to note that Government nominees on the management Board of the Society could not safeguard financial interest of Government in this case. They desire that failure of Government nominees to safeguard Government's financial interest should also be looked into in this case.

- 19 1'96 -do- The Committee may be apprised of the outcome of the enquiry.
- 20 1'100 -do- The Committee regret to note that the Department failed to send their remarks to Audit, although this case was reported to them in October, 1965.
- 21 1'101 -do- They are surprised to find that the Gujarat State Government furnished contradictory replies to the Department on the causes of the collapse of one of the wing-walls of the bridge. The Committee would like to be informed of the action taken on the basis of the enquiry initiated into this case.
- 22 2'10 Works, Housing & Urban Development  
In para 43 of their 34th Report (Third Lok Sabha), the Committee had recommended that in view of the continued shortage of accommodation for Government purposes, the practice of giving Government accommodation to private parties should be discontinued and that in very special circumstances where such accommodation is given purely as a temporary measure full market rent should invariably be realised.
- The Committee were informed in September, 1965 (See Appendix II) that this recommendation had been accepted by Government and suitable instructions had been issued. From the statement of 24 houses allotted to non-eligible persons during the period April, 1963 to September, 1965 the Committee find that in 3 cases rent is being charged under FR 45-A or 45-B instead of at the market rate. It is not clear why market rent is not being charged in these 3 cases
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even after the acceptance of the recommendations of the Committee. The Committee desire that in all cases where Government houses have been allotted to non-eligible persons full market rent, should invariably be charged.

Works, Housing and Urban Development

2.11

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The Committee find from the statement furnished by the Ministry that out of 24 houses, mentioned in the audit para, 4 have since been vacated, in one the allotment has been made to an eligible person and in 5 cases the period of allotment has been fixed upto 31st March, 1967. The Committee were informed during evidence that at present there were 304 houses allotted to non-eligible persons. They desire that in all these cases the period of allotment should be fixed and extensions should be given only in special circumstances.

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In para 44 of their 34th Report (1964-65) the Committee had observed that they consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body, and they had desired speedy action to be taken to de-requisition such buildings. The Committee were informed in May, 1966 (see Appendix III) that Government had accepted this recommendation regarding de-requisitioning of the buildings occupied by private bodies etc. The Judgment of the Supreme Court dated the 29th August, 1961 in appeal case of Triveni Kala Sangam is relevant where the Court had held the view that the landlords were entitled to be

put in possession of the flats requisitioned by Government, if they were not put to use for the purpose for which they were requisitioned. The Committee desire that vigorous steps should be taken to de-requisition the houses which are no longer used by the Government for the public purposes for which they were requisitioned. They reiterate the observation made in para 71 of their 29th Report (Third Lok Sabha) that it is the moral responsibility of Government to restore such premises to their rightful owners, as soon as they are not required for the public purpose.

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The Committee feel concerned over the accumulation of trunk call charges pertaining to the years 1958-59 to 1962-63 in respect of Kota House Hostel. They desire that vigorous efforts should be made to liquidate the arrears.

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The Committee note the remedial measures taken by the Department to prevent accumulation of such arrears which is a problem common in other hostels also. They suggest that the matter should be kept under constant review and the feasibility of introducing a centralised system of recording of telephone calls should be examined.

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2.25

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The Committee regret to observe that the delay in raising the demand in this case does not speak well about the working of Land and Development Office. According to the Ministry's own admission the delay was due to defect in the system and was indefensible. The Committee hope that with the reorganisation of this office which was under way, such cases would not recur.

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Works, Housing &  
Urban Development

2.33

The Committee stress the need for serious attention being given to the task of laying down a uniform and scientific method of working out the installed capacity and its actual utilisation in the various Government presses with a view to having an effective control over their working and utilising the capacity. This is all the more necessary in view of the fact that Government propose to establish more presses and that some work was still being entrusted to private presses. The Committee would like to be informed about the progress made in introducing a uniform system in this behalf.

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The Committee regret to observe that there was inordinate delay in these cases in the installation of the machines due to defective planning. They hope that such cases will not recur.

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2.46

The Committee are dis-satisfied over the tardy progress in the implementation of the Pilot Scheme of costing introduced in the New Delhi Press in October, 1958. The scheme has not been fully implemented for want of staff even after 8 years and in the meantime an expenditure of Rs. 91,026 has been incurred on it. Even a qualified Cost Accounts Officer has not been posted to supervise this work. According to the Ministry's own admission "nothing very much has been done" in regard to the scheme. The Committee desire that vigorous steps should be taken to implement the scheme fully and provide the staff required for the purpose.

- 31 2.4b -do- The Committee hope that early action will be taken to set up the team to devise a method of working out the cost of publications printed in Government presses. They suggest that periodical reviews should be undertaken to assess the cost of printing in Government Presses *vis-a-vis* private presses with a view to improving the efficiency of Government Presses.
- 32 2.52 -do- The Committee regret to observe that the purchase of a large quantity of paper merely on the basis of the annual forecast of requirements given by the P. & T. Deptt. which did not fully materialise, resulted in a heavy accumulation of paper. The Committee note that the question of placing firm orders by the P. & T. Deptt. instead of giving an estimate is under examination. They hope that the present practice of purchasing paper on the basis of the forecast of requirements will be properly streamlined with a view to avoid excessive purchase of paper in future.
- 33 2.55 -do- The Committee desire that early action should be taken to introduce bin cards in the presses at Aligarh, Calcutta, Gangtok and New Delhi.
- 34 2.57 -do- The Committee desire that necessary remedial measures should be taken to prevent the recurrence of such losses. They would like to know the action taken against the persons concerned in this case.
- 35 2.60 -do- The Committee feel that in order to have effective control over expenditure in the presses, the Department should devise some
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method of comparison of expenditure *vis-a-vis* quantity of work done in the various presses.

**Works, Housing & Urban Development**

2.65

The Committee are surprised that although action for awarding a new contract was initiated in November, 1961, modification of certain clauses of the contract took about 11 months. This delay was avoidable. It is not clear to the Committee why the contract was not awarded to the lowest tenderer after receipt of tenders in October, 1962. Failure to do so not only resulted in avoidable extra expenditure at old rates for the period October to January, 1963 but also violated the sanctity of the tender system. The Committee would like the matter to be properly investigated and the result intimated to them. The Committee hope that such cases will not recur again.

2.70

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The Committee consider this to be a bad case. The firm has been a habitual defaulter in accounting for the paper and materials supplied by Government in connection with binding contracts, which amounts to temporary mis-appropriation of these materials. They are surprised why after a physical check up of the materials conducted in March, 1957 and before signing the original hypothecation deed in August, 1959, no action was taken to ascertain the position in regard to the materials supplied against the other contracts. What is more, after the loss of materials in the second case came to notice in November, 1959, the firm's request to reduce the monthly instal-

ment payable by them from Rs. 10,000 to Rs. 5,000 was accepted. The Committee find no justification for this concession. The Committee feel concerned to note that firm has failed to comply with the terms of both the original and supplementary deeds, and a balance of Rs. 1,93,860 is still outstanding from them. The Committee desire that appropriate action should be taken to safeguard Government interest in this and some action should also be taken against the firm for various defaults.

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The Committee also suggest that gaining experience from this case the Deptt. should take necessary remedial measures with regard to periodical inspection of materials in the case of other firms to whom such contracts are given.

Home Affairs

2.76

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The Committee note that the percentage of cases in which defects were noticed has further come down to 40 in 1965-66 from 43 in 1964-65 and 47 in 1963-64. But even this is a very high percentage in regard to the execution of works where defects were noticed later. Further, as the examination of the C.T.E. is limited to 25 per cent to 30 per cent of the total value of works, the Committee are unable to get a fair idea of the working of the Department. The Committee, therefore, desire that early action should be taken on the recommendation made in para 12.5 of their 54th Report (Third Lok Sabha Vol. I) that scope of the work on the C.T.E. should be enlarged to cover a larger number of cases.

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The Committee also hope that with transfer of the C.T.E.'s Organisation to the Vigilance Commission under the Ministry of Home Affairs, the Organisation would be able to function more efficiently.



41 2-84 Works, Housing & Urban Development  
 The Committee feel concerned to note that out of overpayments of Rs. 4.22 lakhs accepted by the Department during 1964-65, the bulk amount viz., Rs. 3.18 lakhs related to sub-standard works. They hope that with the creation of the posts of Assistant Surveyor of Works to assist Executive Engineers the supervision of the works would improve and the possibility of sub-standard execution of works would be minimised. They suggest that the matter should be kept under constant review with a view to taking further necessary steps to avoid execution of sub-standard works and consequential overpayments to contractors.

42 2-88 -jd-  
 The Committee are glad to note that the Department has made a good progress in making recoveries during the period April to July, 1966. According to Audit the amount outstanding at the end of March, 1966 in respect of overpayments accepted upto 1963-64 was Rs. 12.62 lakhs. This came down to Rs. 4.54 lakhs as on 1st August, 1966, which included Rs. 4.39 lakhs under arbitration. They hope that speedy recoveries would be made by the Department in future and such arrears would not be allowed to accumulate.

43 2-91 -do-  
 The Committee would watch the results of the revised procedure introduced by the Ministry of Home Affairs with a view to expeditious disposal of disciplinary cases, through future Audit Reports. They hope that there would be no avoidable delay on the part of the C.P.W.D. in disposal of these cases.

The Committee note the following conclusions of the Expert Committee:—

- (i) The design and construction technique laid down by the Consultant have inherent weaknesses and have to be improved;
- (ii) The most important factor in causing the collapse of the structure is the failure of the beam due to improper bending of the reinforcing here, resulting from improper design and detailing.

The Committee consider it unfortunate that sufficient attention was not paid by the Consultant in designing and detailing of the construction of these shell type grain storage godowns. The Committee find from the Report of the Committee on Plan Projects that the consultant had also served (i) as a member of the Team for Selected Buildings Projects which recommended shell type construction for grain storage structures and, (ii) as the Chairman of the Panel of Engineers set up by the Team to study the existing designs and specifications for building of grain godowns with a view to evolving improved designs. It is all the more regrettable that the consultant, who as the Chairman of the Panel of the Engineers, had recommended construction of shell type godowns, should have committed serious mistakes when he was actually entrusted with the designing of the structures. The Committee regret to note that no independent opinion on the design proposed by the Consultant of an altogether new construction undertaken by the Department was obtained by

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Government, although they have with them the Organisations like the Central Building Organisation, New Delhi. These Organisations were in fact, represented on the committee constituted in November, 1960 to investigate the reasons for the collapse. The Committee hope that this will be done in future. The Committee trust that necessary action has been taken by the Department to establish an expert designs organisation to achieve economies in view of the great technological developments in recent times, as suggested by the Expert Committee.

46 2.104 Works, Housing & Urban Development

The Committee feel that delay of 17 to 21 months in awarding the contract after the receipt of the report of the Expert Committee lacked justification.

47 2.106 -do-

The Committee regret that the information has not yet been furnished. They desire that the information should be furnished to them early.

48 2.110 -do-

The Committee are surprised at the lack of firm decision on the part of the Ministry in utilisation or demolition of the barracks. The Committee feel that if the project for construction of the new buildings was not coming up, the demolition work should not have been started specially in view of the fact that barracks had been repaired at a cost of Rs. 3.51 lakhs, out of which Rs. 3.39 lakhs were incurred in 1961-62 and 1962-63 alone. Apart from the loss of one third accommodation by demolition, the expenditure on demolition and shifting of offices from and back to the barracks has become infructu-

ous. Such half-hearted decision has caused avoidable expenditure to the Government.

49 3.113

-do-

The Committee find no justification for allotment of Government accommodation to this private organisation, free of rent in March, 1964, when there is shortage of office accommodation for Government's own use and when they have to hire private accommodation at exorbitant rates. They note that market rent is being charged from the Samiti from 1st December, 1965.

50 3.118

-do-

The Committee find that this was another case where frequent changes were made in the plan, with the result that the scope of the work was widened, and a sum of Rs. 46,708 spent on the original construction and the subsequent dismantlement and readjustment became infructuous. In view of the fact that the question of eligibility of single women employees for regular accommodation was already under consideration, the construction of a hostel for them should not have been started pending a decision in the matter. The lack of coordination between the two wings of the Ministry dealing with the two issues is regrettable. The Committee hope that there would be better planning in such cases in future.

51 3.121

-do-

The Committee are concerned to learn that occupancy in Ranjitt Hotel has been very low. Out of 282 rooms, the average occupancy is 30 which works out 10.6 per cent. They desire that the reasons for low occupancy in the hotel should be analysed and necessary measures taken to make the hotel popular.

52 3.122

-do-

The Committee note that in case the occupancy in the hotel continues to be low, the Department propose to allow one or two blocks

to Government officers. Since the project was originally intended to be a hostel for single women employees, the Committee suggest that a substantial portion of the surplus accommodation should be reserved for female officers, a large number of whom, as deposed before the Committee, may be at present without Government accommodation.

33 2.133 Works, Housing & Urban Development

The Committee note that Government suffered a loss in this case because of acceptance of a uniform rate for cutting both hard and soft rocks. The Committee see no justification for allowing the contractor to adjust the rates of individual items within overall 35 per cent above the estimated rates without regard to their reasonableness. If the contractor was insisting on these unreasonable rates and there was no other offer, the Department should have invited the second lowest tenderer of the previous tender for negotiations. This omission is regrettable.

34 2.134 -do-

The Committee are surprised that the quantity of work for cutting soft rock exceeded the estimates by 121.53 per cent. This points to the need of preparing the estimates more carefully in such excavation works.

35 2.135 -do-

The Committee would like to know the outcome of the arbitration in this case.

36 2.146 -do-

The Committee are sorry to note that the development of plots which was to be completed in a period of 1½ years from July 1961 has not yet been completed even after a lapse of more than four

years. The contract for work of levelling awarded to the Bharat Sewak Samaj had to be rescinded in August 1965, as they could not complete the work even after more than three years of its award in July, 1962. The work is now being done by another contractor at the risk and expense of the Samaj. The Committee note that after the work is completed by the new contractor, as usual, necessary action will be taken against the Bharat Sewak Samaj to recover both the additional cost incurred by Government on the work and the compensation for the delay in completion of the work. They would like to be informed about the action taken in this regard.

57 2.143

-do-

In view of the fact that the problems regarding bulk water supply and electric supply have not yet been solved, it is surprised how the Department expected to complete the development of plots in 1½ years; for, without these services the plots could not be allotted. The Department should have closer coordination with the local bodies in planning the development work. The Committee hope that the question of providing the essential services would be pursued vigorously with the local bodies concerned.

58 2.153

-do-

The Committee note that after the contractor was promoted from class III to II in December, 1960 he failed to complete any of the four or five works awarded to him, apparently, due to financial difficulties and ran away. This indicates that before his promotion to the higher class, the capacity of the contractor to handle works of higher cost and his financial standing were not properly verified. The Committee suggest that the Department should review the present system of promotion of contractors to higher classes and also award

of contracts to them with a view to avoiding recurrence of such cases.

59 2.154 Works, Housing and Urban Development They feel that in this case time of about 16 months taken by the Department to issue the demand notice to the original contractor after the completion of the work by second contractor was too long. They desire that in such cases demand notices should be issued expeditiously.

60 2.160 -do- The Committee hope that the appointment of additional arbitrators and counsels and the revision of the procedure for the preparation and filling of the statements of facts will help in speeding up disposal of arbitration cases. They however, still feel that apart from these measures the Ministry should also seriously consider the feasibility of appointing a Registrar of arbitration cases, as suggested in para 62 of their 39th Report (Third Lok Sabha).

61 2.165 -do- From a statement furnished by the Ministry showing the details of these 30 cases, the Committee find that out of the contractors' claims aggregating to Rs. 7,11,451, the arbitrators awarded a sum of Rs. 3,56,207 in favour of the contractors. This means that about 50 per cent of the amounts claimed by the contractors, was up held in arbitration. It is significant to note that out of Rs. 22,367 claimed by Government, only a sum of Rs. 2,236 was awarded by the arbitrator in their favour, which works out to about 10 per cent.

In para 62 of their 39th Report (Third Lok Sabha), the Committee had suggested that in every case where arbitration award is given against Government, a careful study of the reasons for the same should be undertaken with a view to taking remedial steps including disciplinary action where called for. The Committee are surprised that Department have understood this to mean only a review whether the cases were conducted before the arbitrators efficiently and diligently. What the Committee had desired was that an analysis should be made of the lapses on the part of the Department committed during the execution of the works which resulted in the cases going against the Government in arbitration. The Committee desire that a review on these lines should be made in each case with a view to taking remedial measure and disciplinary action where called for. If arbitration cases are lost due to ambiguities in the contract form, these should be removed.

The Committee note with concern the various lapses pointed out by Audit on the part of the Department revealed in a review of 50 cases in which awards totalling about Rs. 2.06 lakhs went against Government during 1964-65. They were informed that certain general instructions had been issued by Department in this behalf but they have not been informed about the specific steps taken by the Department to prevent the recurrence of such lapses. The Committee desire that Department should review their instructions and ensure that these were made exhaustive enough to provide specific measure to be taken in order to safeguard against losses arising from such lapses. The Committee also desire that in the 50 cases where



review was conducted by Audit, the Government should examine how far non observance of prescribed instructions or negligence of the various officials resulted in loss to Government.

64 2.172 Works, Housing and  
Urban Development  
Home Affairs

The Committee take a serious view of these heavy losses which have taken place due to pilferage in transit and also losses detected during physical verification of P.W.D. stores. They desire that these shortages should be investigated and responsibility fixed for the losses and the losses should be regularised. Also necessary remedial measures should be taken to avoid recurrence of such losses due to pilferage etc.

65 2.179 Works, Housing and  
Urban Development

The Committee were informed last year (Para 2.108 of 42nd Report—1965-66) that it was expected that a total area of about 2,400 acres would be developed by March, 1966. But actually only an area of 1,899 acres was developed upto 31st March, 1966. The Committee feel concerned over the short-fall in the development work and over the slow progress in the disposal of plots, especially the industrial plots because of absence of essential services like electricity, water and sewage. The Committee hope that with closer coordination with the local authorities the Delhi Development Authority would be able to adhere to the target dates fixed by them. In case of the areas which are already developed, the Authority should vigorously pursue the question of providing the essential services.

- 66      2.181      -do-      The Committee would like to reiterate the recommendation made by them in para 3.24 of their 42nd Report and desire that some more relief should be given to the persons whose lands have been acquired.
- 67      2.187      -do-      The Committee feel concerned to note that much headway has not been made to implement the decisions taken by the Authority in July, 1964 with regard to completion of redevelopment plans and assessment and recovery of rent and damages. The Committee desire that adequate attention should be given to the question of renewal of the leases which expired as early as 1948 to 1956 and to the recovery of arrears of rent and damages.
- 68      2.189      -do-      The Committee trust that vigorous efforts would be made to recover the outstanding demand of Rs. 4.76 lakhs from the Custodian of Evacuee Property. They also desire that in the case of 228 non-evacuee plots recoveries should be effected expeditiously.
- 69      2.192      -do-      The Committee feel concerned over the increase of administrative expenditure of the Authority from Rs. 16.03 lakhs in 1963-64 to Rs. 19.40 lakhs in 1964-65. They hope that adequate measures would be adopted to keep the administrative expenditure under control.
- 70      2.198      -do-      The Committee desire that vigorous steps should be taken to recover the outstanding demands under the three accounts viz., General Development, Nazul-I and Nazul-II, especially those under Nazul-I Account some of which relate to the period as early as

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1958-59. They also desire that action should be expedited to assess damages in the remaining 2,106 cases under Nazul I Account and, in future, efforts should be made to avoid accumulation of assessment work.

Works, Housing and Urban Development  
D.D.A.

The Committee are not satisfied over the slow progress in the construction of houses under the Hire Purchase Housing Scheme. Out of 346 houses decided to be undertaken for construction during 1963-64, only 164 have been constructed so far. They desire that the construction of the remaining 182 houses should be undertaken early.

The Committee trust that necessary steps will be taken to dispose of the 50 unsold houses and in future the Authority would keep in mind the popularity of the locality before embarking upon such projects for construction of houses.

In para 8 of their 18th Report (Third Lok Sabha) the Committee were critical about the heavy accumulations of cash balance in Nazul-I Account from year to year due to the fact that various schemes of development could not be executed according to schedule. They regret to note further heavy increase in cash balance and investment under this Account, which aggregated to Rs. 73.13 lakhs at the end of 1963-64, Rs. 213.45 lakhs at the end of 1964-65 and Rs. 221.10 lakhs

at the end of 1965-66. As against this large cash balance, the amount actually spent on the development schemes so far has been negligible. Even the detailed estimates of all the schemes have not been prepared. The Committee desire that the reasons for slow progress of the schemes should be investigated. To the extent the funds are not required by the Authority in the near future, these should be refunded to Government.

