

COMMITTEE ON PUBLIC UNDERTAKINGS (1967-68)

TWENTY-FIRST REPORT (FOURTH LOK SABHA)

Action taken by Government on the recommendations contained in the Fiftieth Report of the Estimates Committee (Third Lok Sabha) on Public Undertakings—Accommodation rented in Principal Cities; and Guest Houses, Staff Cars etc., maintained by them.



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1968/Vaisakha, 1890 (Saka)

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COMMITTEE ON PUBLIC UNDERTAKINGS
(1967-68)

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SECRETARIAT

Shri A. L. Rai—*Deputy Secretary.*

Shri M. M. Mathur—*Under Secretary.*

*Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 2-4-1968.

INTRODUCTION

1. The Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Twenty-first Report on the Action taken by Government on the recommendations contained in the Fiftieth Report of the Estimates Committee (Third Lok Sabha) on Public Undertakings—Accommodation rented in Principal Cities, and Guest Houses Staff Cars etc. maintained by them.

2. The Fiftieth Report of the Committee was presented to the Lok Sabha on the 30th March, 1964. The replies to recommendations contained in the Report were however, received only on the 11th January, 1967, 2 years and 9 months after the presentation of the Report.

3. The Committee considered the replies and approved the draft report on the same day.

4. The Report has been divided into the following five Chapters :—

- (i) Report.
- (ii) Recommendations that have been accepted by Government.
- (iii) Recommendations which the Committee do not desire to pursue in view of Government's reply.
- (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the action taken by Government on the recommendations contained in the 50th Report of the Estimates Committee (3rd Lok Sabha) is given in Appendix XIII. It would be observed therefrom that out of the 22 recommendations contained in the Report, 59·1 per cent have been accepted by Government and the Committee do not desire to pursue 22·72 per cent of the recommendations in view of Government's reply. Replies of Governments in respect of 17·42 per cent have not been accepted by the Committee. No reply from Government has been received in respect of 0·76 per cent of the recommendations.

D. N. TIWARY,
Chairman,
Committee on Public Undertakings.

NEW DELHI;
April 25, 1968

Vaisakha 5, 1890 (Saka)

CHAPTER I

A. ACCOMMODATION RENTED BY PUBLIC UNDERTAKINGS— DELHI, CALCUTTA, BOMBAY AND MADRAS—(PARAS 7-12 OF FIFTIETH REPORT OF E.C.)

Recommendation (Serial No. 1)

After independence a large number of public undertakings had been set up by the Government of India. A number of them had located their Head Offices, Branch Offices, Liaison Offices, Show Rooms, etc. in Delhi, Calcutta, Bombay and Madras. While some of the undertakings like the Life Insurance Corporation of India, Indian Airlines Corporation etc., had constructed their own buildings, others had set up their offices in rented premises in these cities.

2. In Delhi, Calcutta, Bombay and Madras the public undertakings were in occupation of an area of 24·71 lakhs sq. ft. for which they paid an annual rent of Rs. 87·78 lakhs. Thirty seven undertakings were paying an annual rent of more than Rs. 50,000 each in these cities. Of these, 7 were paying such heavy rents in more than one city. Further, rent charges per sq. ft. differed very widely, from undertaking to undertaking in the same city apparently depending on their location and the period of occupation. The Offices of the undertakings were thus scattered, in some cases even when they were rented by the same undertaking.

3. The Estimates Committee were dissatisfied with the manner in which the accommodation arrangements by the undertakings had been made. They felt that the requirements of public undertakings admitted of being pooled and met in a planned way and that it would be more advantageous to construct one or two multi-storeyed buildings to house the offices of the various undertakings located in these cities.

4. That Committee hoped that considerations of economy would be kept in view while selecting the sites as their location from the heart of the city would not make much difference as greater transport facilities were available in those places.

5. On learning that the State Trading Corporation had acquired a plot of land on Janpath in New Delhi at the cost of Rs. 51 lakhs for constructing its own building at a cost of Rs. 87 lakhs. The Estimates Committee expressed doubts about the necessity of going in for such a costly site and suggested that offices of other undertakings in Delhi might also be accommodated in the multi-storeyed building to be constructed by the STC.

6. In view of the fact that Hindustan Steel Ltd. also proposed to construct a building in Calcutta for accommodating its offices located at eight different places in that city, that Committee suggested that it might be

examined whether the offices of other Public Undertakings located in Calcutta could be accommodated in one building. (para 12)

7. The Government in their reply have stated that "the administrative Ministries concerned will first decide whether the headquarters of offices of various public undertakings should continue to be located in the principal cities of Delhi, Calcutta, Bombay and Madras in accordance with the recommendation No. 2 (para 17) of the Committee.

The conclusions of the administrative Ministries regarding the location of head offices and liaisons offices of the Public Undertakings in Delhi, Calcutta, Bombay and Madras could then be reviewed by the accommodation Advisory Committee. The Ministry of Works, Housing and Urban Development could then undertake the construction of one or two multi-storied buildings in each of these cities to house the various offices of all undertakings. This could be possible in two ways, either the funds could be provided by Government and space allotted to each undertaking on payment of market rent, or some could construct the building for the use of all."

8. They further stated that the head offices, Liaison offices of public undertakings were almost in all cases established in Delhi before they were brought within the purview of accommodation Advisory Committee of the Cabinet in 1957, or despite their recommendations to the contrary, except in cases of temporary locations in initial stages.

9. In reply to para 12, Government had only stated that they had accepted the recommendation of the Committee to accommodate the offices of other Public Undertakings located in Calcutta in the proposed building of the Hindustan Steel Limited. The committee enquired from the Government in February 1968 as to what precise steps had been taken to implement this recommendation. It is, however, regrettable that no reply has been received from the Government so far.

10. The Committee are unhappy to note that even the preliminary steps have not been taken by the Government to implement the recommendations contained in paras 7—10 and 12 of the 50th Report of the Estimates Committee which was presented to Parliament on the 30th March, 1964. Four years is a sufficiently long period for the Government to have taken concrete steps to implement these recommendations.

11. The Committee therefore reiterate the recommendations at Serial No. 1 (Paras 7—10 and 12) of the Report of the Estimates Committee and urge upon the Government to examine this matter without any further delay. Lack of decision on this matter is resulting in huge recurring expenditure which can be reduced to a considerable extent if the recommendations of the Committee are implemented. The Committee would also like the Government to look

into the reasons for the failure to take action on these recommendations and to gear up the organisation so as to avoid such delays in future.

B. LOCATION OF HEAD OFFICES AND LIAISON OFFICES OF PUBLIC UNDERTAKINGS IN DELHI—PARAS 17 AND 21 OF FIFTIETH REPORT OF E.C.

Recommendation (Serial Nos. 2 and 3)

12. In 1964, the head offices of 17 public undertakings were located in Delhi. After considering the various aspects of the matter, the Estimates Committee had observed that the proper place for the location of Head Office of an undertaking should be the place where its project is located, or where an undertaking has more than one project/unit a place as central to them as possible. They had, therefore, recommended that the Government should go into each case and decide on merits which of the offices should continue to remain in Delhi. They were inclined to think that the Accommodation, Advisory Committee of the Ministry of Works, Housing and Rehabilitation had not given an effective lead in this matter. Government could also lay down criteria for locating the head offices of public undertakings in the capital so that in future any proposal of this nature could get an effective scrutiny before a decision is taken.

13. Similarly there were as many as eight public undertakings which were maintaining their liaison offices in Delhi, for the purpose of clarification of various matters with Ministries and Government Departments, contacting State Bank and Reserve Bank of India, embassies concerned for work in connection with periodic Board meetings.

14. In this connection that Committee had observed as follows :—

The Committee would reiterate their earlier recommendation and suggest that the nature and quantum of work of the existing liaison offices of the public undertakings may be examined and the necessity for their location in Delhi reviewed. In this connection, the Committee have also noticed that in some cases the names of liaison offices have recently been changed to sales offices, etc. They would suggest that work of all such offices of the public undertakings whether they are called Liaison Office or Sales Office etc. should be scrutinized and the necessity or otherwise of having them in Delhi determined. If it is found absolutely necessary to maintain such liaison offices etc. the feasibility of having a common building for all of them may be examined.

15. In their reply the Government have stated that “the head offices/ liaison offices of Public Undertakings had almost in all cases been established in Delhi before they were brought within the purview of Accommodation

Advisory Committee in 1957, or despite their recommendations to the contrary except in cases of temporary locations in initial stages. As desired by the Committee, a review of each case and a decision on merits as to which of the head offices or liaison offices need continue in Delhi can best be undertaken by the administrative Ministries concerned in the first instance. They will also be asked to send notes for a review by the Accommodation Advisory Committee".

16. In their reply Government have merely tried to explain away the the existence of Head Offices and Liaison Offices of so many public undertakings in Delhi. Even after such a long period the Government have merely stated that a decision on the question of location of the Head Offices and Liaison Offices of Public Undertakings "can best be undertaken" by the administrative Ministries concerned. The Committee regret to note that examination of the problem was not taken up all these years nor any effort made to lay down criteria for location of such offices in Delhi. The Committee reiterate the recommendation and desire that Government should undertake such an examination and lay down the criteria as recommended in the Report, and get them implemented.

C. GUEST HOUSES RENTED IN DELHI, CALCUTTA, BOMBAY AND MADRAS (PARAS 29-31, 33 OF FIFTIETH REPORT OF E.C.)

Recommendation (Serial No. 4)

17. With a view to provide suitable boarding and lodging facilities to officers while on tour a number of undertakings had set up their guest houses at various places. There were 31 guests, houses in all, 11 in Delhi, 11 in Calcutta, 7 in Bombay and 2 in Madras.

18. The total expenditure incurred on rent and maintenance of these guest houses during the year 1962-63 was Rs. 2,97,337 whereas the lodging charges realised from their occupants were only Rs. 38,836. The percentage of lodging charges realised to the expenditure incurred during 1962-63 thus came to 13.06. This percentage was 17.58 in 1960-61 and 11.87 in 1961-62. The low recoveries from the occupants clearly indicated that the maintenance of guest houses by the public undertakings was quite expensive.

19. Taking all relevant facts into consideration, the Estimates Committee had observed that the guest house requirements of all public undertakings and the expenditure being incurred on their rent and maintenance, would be more economical if a common guest house was set up in each of the cities of Delhi, Calcutta, Bombay and Madras for the use of Officers of all the public undertakings.

20. In reply the Government have stated that "this recommendation can be implemented. For this, funds will have to be provided by Government

and the accommodation in such common guest houses, allotted to the individual public undertakings according to their needs. In the alternative some undertaking could also construct the common guest houses for the use of all."

21. The Committee regret to note that after almost four years the Government have merely stated that the recommendation "can be implemented" if certain conditions are fulfilled. The Committee are surprised at the lack of action. It appears Government realise that substantive savings can be effected but are not prepared to incur the initial expenditure in providing a building or directing some undertaking to build a common guest house. The delay in taking action is resulting in continuation of certain avoidable expenditure during all these years. The Committee are of the view that the existing accommodation in the Guest Houses of all the Undertakings at each place may be pooled and if any additional Guest House accommodation is still required, steps may be taken to utilise existing Government buildings—including the newly constructed Government buildings in Delhi which housed the delegates for UNCTAD—and if this is found to be insufficient, then common Guest Houses in each of the principal cities might be constructed for use of all the Public Undertakings.

D. COMPARATIVE STUDY OF OFFICE ACCOMMODATION AND GUEST HOUSES MAINTAINED IN DELHI DURING 1962-63 AND 1965-66.

22. In September, 1966, all the concerned Ministries/Public Undertakings, were asked to furnish details of the accommodation acquired in Delhi for housing their offices as also Guest House accommodation, after the presentation of the 50th Report of the Estimates Committee (Third Lok Sabha).

23. It appears from the information furnished by the various public undertakings, that a total area of 7,48,257 sq. ft. at an annual cost of Rs.23,64,196 was rented in Delhi in 1962-63. Although the area of accommodation in 1965-66, showed a downward trend and stood at 5,97,226 sq. ft., the rent increased to Rs. 25,27,906. A break-up of the floor area occupied, as also the rent paid, by each public undertaking is given in a statement at Appendix I to this Report.

24. Since 1962-63, eleven Public Undertakings had increased the office accommodation occupied by them for their offices in Delhi. In the case of Air India, the increase is, perhaps, due to the expansion of their Line Office in Delhi. On the other hand, the Fertilizer Corporation of India Ltd., had increased its office accommodation from 4,000 sq. ft., in 1962-63 to 10,511 sq. ft. in 1965-66. The rent paid in 1962-63 amounted to Rs. 26,400 as against an

amount of Rs. 1,20,000 paid in 1965-66. The information furnished by this Undertaking, does not give any justification for this increase in accommodation and rent. Similarly, Hindutan Steel Ltd., also increased its office accommodation from 3,615 sq. ft. occupied in 1962-63 to 5,024 sq. ft. in 1965-66. The rent paid, registered an increase from Rs. 6,000 paid in 1962-63 to Rs. 33,204 in 1965-66. The Industrial Finance Corporation on the other hand, occupied a floor area of 13,201 sq. ft. in 1965-66 as against 14,346 sq. ft. occupied in 1962-63. This undertaking however, showed a four-fold increase in the amount of rent which rose from Rs. 1,04,328 paid in 1962-63 to Rs. 4,39,581 paid in 1965-66. The Indian Oil Corporation was formed on the merger of the erstwhile Indian Oils with the Refineries Division. The Corporation has four offices operating in Delhi at present. Out of these, three offices, *viz.*, the Liaison Office, the Refineries Division and the Pipeline Division, were started in 1965-66. Their Marketing Division of the Northern Branch, occupied a floor area of 28,768 sq. ft., in 1965-66, against a floor area of 11,033 sq. ft., occupied in 1962-63. The rent paid in 1965-66 was Rs. 6,51,870 against a rent of Rs. 1,89,468 paid in 1962-63.

25. Eighteen Public Undertakings opened their offices in Delhi after 1962-63. The total floor area occupied by these public undertakings, totalled 95,323 sq. ft., and the annual rent paid amounted to Rs. 15,80 622. The names of the Public Undertakings and the floor area occupied by each, as also the rent paid therefor, are given in a statement at Appendix II to this Report.

26. In the case of Guest Houses, maintained in Delhi, by eleven public undertakings, it will be seen from the statement at Appendix III to this Report, that the number of beds maintained in 1965-66 was 90 as against 62 beds, maintained in 1962-63. The expenditure on rent of buildings for these Guest Houses rose from Rs. 95,484 in 1962-63 to Rs. 1,75,735 in 1965-66. There was also an increase in the maintenance of these Guest Houses from Rs. 34,861 in 1962-63 to Rs. 1,19,978 in 1965-66. The public undertakings, which have considerably increased their Guest House accommodation in Delhi, are the Fertilizer Corporation of India Ltd., Hindustan Steel Ltd., and the National Mineral Development Corporation.

27. In 1965-66, two more public undertakings, *viz.*, Hindustan Aeronautics Ltd., and Pyrites and Chemicals Development Co. Ltd., acquired Guest House accommodation in Delhi. The number of beds maintained by these two public undertakings totalled 10, for which an amount of Rs. 19,607 was incurred on Rent and Maintenance charges. A break-up of this figure is given in a statement at Appendix IV to this Report.

28. These comparative figures show that, in spite of the recommendations of the Estimates Committee made in 1964 no efforts have been made by Government to check avoidable expenditure by the public undertakings on office accommodation and Guest Houses in Delhi.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 5)

The Committee feel that as Government money is invested in the public undertakings, they should set examples of simplicity. The hiring of a suite in an expensive hotel for the use of the top officials of an undertaking does not accord well with its public role and appears to be discriminatory for the other staff. Even if the arrangement at the Ashoka Hotel is cheaper than maintaining a guest house as has been made out by the representative of the H.M.T., it is open to criticism. Examples of this nature become precedents and tend to be followed by other public undertakings. The Committee, therefore, recommend that the question of maintenance of the suite at the Ashoka Hotel by the H.M.T., should be re-examined. The facility of a common guest house, for the setting up of which a recommendation has been made in para 31 will be available to the officers of the H.M.T., also. Until this guest house is set up, the Committee suggest that the H.M.T., may make suitable arrangements for its visiting officers in the guest houses of the Government or other public undertakings. (Para 35).

REPLY OF GOVERNMENT

Hindustan Machine Tools Ltd., have vacated a suite in Ashoka Hotel since 21st October, 1964.

[Ministry of Industry O.M. No. PR.C.16(4)/64 dated the 11th January, 1967]

Recommendation (Serial No. 6)

It is clear that the guest houses of the three public undertakings viz., Reserve Bank of India, Life Insurance Corporation of India and Khadi and Village Industries Commission maintained in Delhi/Calcutta/Bombay/Madras do not remain adequately occupied and in a few cases the occupancy is very low. The Committee suggest that these undertakings should make use of the common guest houses for the setting up of which a recommendation has been made in para 31. Till then it would be desirable that the existing guest houses are utilised by the officers of the Government or other public undertakings

also so that the available accommodation is not allowed to go waste. For this purpose, more publicity may be given, if necessary, about the availability of such accommodation. (Para 38).

REPLY OF GOVERNMENT

Paras No. 33

Accepted. Ministry of Finance (Deptt. of Expenditure)/(Department of Coordination) having since issued necessary instructions *vide* their O.M. No. F.3(8)-PC/64, dated 1-10-64 (Appendix I) and No. F. 1(16)-PC/66, dated 12th October, 1966 (Appendix II) respectively (copies enclosed for ready reference), requesting the Ministries to implement the Committee's recommendation in respect of the undertakings with which they are concerned.

[Ministry of Industry O.M. No. Pr. C. 16(4) 64 dated the 11th January, 1967]

Recommendation (Serial No. 7)

The Committee feel that renting of guest houses for the officers of the public undertakings should be considered necessary only when these are expected to be adequately occupied by visiting officers or in cases where hotel facilities are not available. They, therefore, recommend that the undertakings concerned should examine the necessity or otherwise of maintaining the guest houses keeping these aspects in view. (Para 41).

REPLY OF GOVERNMENT

Accepted. Ministry of Finance (Deptt. of Expenditure)/(Department of Coordination) having since issued necessary instructions *vide* their O.M. No. F. 3(8)-PC/64, dated 1-10-64 (Appendix I) and No. F. 1(16)-PC/66, dated 12th October, 1966 (Appendix II) respectively (copies enclosed for ready reference), requesting the Ministries to implement the Committee's recommendation in respect of the undertakings with which they are concerned.

[Ministry of Industry O.M. No. PR. C. 16(4)/64 dated the 11th January, 1967]

Recommendation (Serial No. 8)

The occupancy figures of many of the guest houses owned by the public undertakings at places other than Delhi, Calcutta, Bombay and Madras are low. It follows that the accommodation reserved for guest house purposes in these cases is in excess of the actual requirements. This would seem to indicate that the actual accommodation required was not properly assessed when the construction of guest house buildings was planned. The Committee also note that in many cases the rent realised from the occupants of the guest houses has not been

adequate even to cover the expenditure incurred on their maintenance. This is so in spite of the fact that these guest house buildings are owned by the undertakings concerned and thus have no rent liability.

The Committee suggest that the undertakings concerned should go into the functioning of these guest houses and where the occupancy ratios are very low, the necessity for their continuance should be examined. In cases where it is found necessary to continue the arrangement, it should be ensured that the accommodation reserved for the guest house is in accordance with actual requirements releasing, where possible, the surplus accommodation for other purposes. Further, it is desirable that where the rent realised from the occupants of the guest houses is not sufficient to cover the expenditure on their maintenance, the utmost economy should be exercised. (Paras 43-45).

REPLY OF GOVERNMENT

Accepted. Ministry of Finance (Deptt. of Expenditure)/(Department of Coordination) having since issued necessary instructions *vide* their O.M. No. F. 3(8)-PC/64, dated 1-10-64 (Appendix I) and No. F. 1(16)-PC/66, dated 12th October, 1966 (Appendix II) respectively (copies enclosed for ready reference), requesting the Ministries to implement the Committee's recommendation in respect of the undertakings with which they are concerned.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated the 11th January 1967]

Recommendation (Serial No. 9)

Construction of a guest house building of a size in excess of the requirements results in high capital cost and increased expenditure on maintenance. The Committee, therefore, suggest that the guest house buildings that may be constructed in future should be on a modest scale in the beginning with provision for expansion in future, so that the capital and recurring expenditure thereon is reduced to the minimum. (Para 46.)

REPLY OF GOVERNMENT

Accepted. Ministry of Finance (Deptt. of Expenditure)/(Department of Coordination) having since issued necessary instructions *vide* their O. M. No. F. 3(8)-PC/64, dated 1-10-64 (Appendix I) and No. F. 1(16)-PC/66, dated 12th October, 1966 (Appendix II) respectively (copies enclosed for ready reference), requesting the Ministries to implement the Committee's recommendation in respect of the undertakings with which they are concerned.

[Ministry of Industry O. M. No. Pr. C. 16(4)/64, dated the 11th January 1967]

Recommendation (Serial No. 11)

It will be seen from para 50 that the number of vehicles maintained by some of the undertakings is very large. This may partly be due to the liberal manner in which the need for vehicles required by them was assessed and the ease with which they could be obtained on priority basis. It will be appreciated that the purchase of vehicles in large number by an undertaking adds to the capital and running cost of a project sizeably. Austerity and economy should, therefore, be observed by each undertaking before approving proposals for purchase of new vehicles or the replacement of old ones. The Committee would suggest that all the undertakings should now review their requirements to bring the number down to the minimum. (Para 52).

REPLY OF GOVERNMENT

Accepted. Ministry of Industry have since issued necessary instructions *vide* their letter No. Pr. C. 16(4)/64, dated 16th/24th November, 1966 (Appendix V) addressed to the Chairmen/Managing Directors/General Managers of public sector undertakings under the administrative control of the Ministry of Industry (copy enclosed for ready reference) requesting them to implement the Committee's recommendations. Copy has been endorsed to other Ministries/Departments concerned requesting them to implement the recommendations in respect of public sector undertakings under their control accordingly.

[Ministry of Industry O. M. No. Pr. C. 16(4)/64 dated the 11th January 1967]

Recommendation (Serial No. 13)

The Committee recommend that where the average running expenditure on a vehicle has exceeded the overall average of Rs. 9,000 (para 55) which by itself would appear to be on the high side, the matter should be looked into not only by the undertaking but by the Government as well.

The Committee feel that the procedure regarding the allotment of vehicles to officers and others and the method of control and supervision exercised over their running and maintenance should be reviewed and suitable measures adopted to reduce expenditure on them.

In this connection, the Committee have, on the basis of the evidence tendered before them, gathered the impression that the public undertakings, especially the larger ones, do not appear to attach sufficient importance to these matters. The Committee cannot but deprecate this tendency and trust that all the undertakings will give adequate attention to it in future. (Paras 58-60).

REPLY OF GOVERNMENT

Accepted. Ministry of Industry have since issued necessary instructions vide their letter No. Pr. C. 16(4)/64, dated 16th/24th November, 1966 (Appendix V) addressed to the Chairmen/Managing Directors/General Managers of Public Sector Undertakings under the administrative control of the Ministry of Industry (copy enclosed for ready reference) requesting them to implement the Committee's recommendations. Copy has been endorsed to other Ministries/Departments concerned requesting them to implement the recommendations in respect of public sector undertakings under their control accordingly.

[Ministry of Industry O. M. No. Pr. C. 16(4)/64 dated the 11th January 1967].

Recommendation (Serial No. 14)

The Committee feel that the provision of the facility of a car for exclusive use to the Chairman, Managing Director etc. of an undertaking should be looked into from the following angles:—

- (i) In the absence of log-book and any upper limit on the mileage covered or cost of petrol consumed, there is likelihood of laxity in the use of such cars.
- (ii) Provision of car facility is uneconomical to the undertaking inasmuch as the expenses made from the officers concerned are not sufficient even to meet the pay and allowances of drivers not to speak of running and maintenance cost of the car.
- (iii) When a facility of this kind is extended by some undertakings, it is probable that other undertakings may also grant similar facilities to their officers irrespective of the actual needs of such officers.
- (iv) Such a facility invokes public criticism.

It is a recognised practice that staff cars are meant to serve official purposes. The Committee are, therefore, doubtful whether the provision of the facility of a car for exclusive use is justified. Considering that even the senior most officials of the Government of India are not permitted such a facility, the Committee are inclined to think that the instruction issued by the Ministry of Finance permitting the use of cars for exclusive use by the officers of the public undertakings was not apparently well advised. In the opinion of the Committee, if it is necessary to give some incentives, the proper course would be to allow a suitable conveyance allowance to the Chairman/Managing Director etc. of an undertaking or at least to keep a log-book to be filled by the officer concerned. While allowing this concession, it would be desirable to restrict it to a few top persons only and for this purpose suitable principles should be laid

down by the Government. The Committee, therefore, recommend that the existing procedure may be examined in the light of their observations made above. (Paras 66-67).

REPLY OF GOVERNMENT

Accepted. Ministry of Finance (Deptt. of Expenditure) have since issued necessary instructions vide their O.M. No. F. 2(18)-PC/64, dated 20th November, 1964 (Appendix VI) requesting the Ministries to implement the Committee's recommendations in respect of the public undertakings with which they are concerned.

[Ministry of Industry O. M. No. Pr. C. 16(4)/64 dated the 11th January 1967].

Recommendation (Serial No. 15)

The provision of the facility of cars/station wagons/jeeps provided by a few undertakings to their officers for journeys from residence to place of work and back on payment, of monthly charges seems to be neither economical nor desirable for the following reasons:—

- (1) It necessitates larger number of vehicles being required by the undertaking and thus results in increased capital expenditure.**
- (2) It involves more expenditure on pay and allowances of drivers, petrol, maintenance, depreciation cost etc. which would not be commensurate with the recoveries made from officers.**
- (3) It virtually amounts to a commitment by the undertaking to provide transport at any cost. Such commitment is not desirable because journeys between residence and place of work are treated as private.**
- (4) It is likely to cause difficulties in restricting the running of vehicles between residence of officers and factory/project etc. only.**
- (5) It is likely to give an impression of exclusiveness over the use of vehicles and to lead to misuse of the privilege.**
- (6) It will have repercussion in other public undertakings.**
- (7) It invokes public criticism and creates discontent among the staff not getting the privilege.**

The Committee accordingly consider that there is not sufficient justification for permitting the facility of car etc. to officers for journeys between residence and place of work on payment of monthly charges. They feel that other means of transport are also available at those places and these officers should have no difficulty in availing

of those means of transport. The Committee recommend that the undertakings concerned should examine the matter and modify their present transport arrangements suitably. (Paras 69-70).

REPLY OF GOVERNMENT

Accepted. Ministry of Industry have since issued necessary instructions vide their letter No. Pr. C. 16(4)/64, dated 16th/24th November, 1966 (Appendix III) addressed to the Chairmen/Managing Directors/General Managers of public sector undertakings under the administrative control of the Ministry of Industry (copy enclosed for ready reference) requesting them to implement the Committee's recommendations. Copy has been endorsed to other Ministries/Departments concerned requesting them to implement the recommendations in respect of public sector undertakings under their control accordingly.

Recommendation (Serial No. 18)

The Committee understand that the Indian Oil Company has not approached the public undertakings for supplying petrol etc. to them, nor have many of the undertakings themselves contacted the I.O.C. in this connection. The Committee consider it desirable that all the public undertakings should make their purchases of petrol etc. from the Indian Oil Company to the extent to which the latter is able to meet the demands. The I.O.C. should also enter into negotiations with all the undertakings and work out plans for supplying its products to them. It may also be ensured that the terms offered by the Indian Oil Company are competitive with those of the private companies and the public undertakings are not in any way placed at a disadvantage on this account. In case the I.O.C. is unable to make arrangements for the supply of Petrol, Oil & Lubricants (P.O.L.) to the undertakings at all the places, the feasibility of meeting their requirements through and on the rates of D.G.S. & D. may be examined Para 80).

REPLY OF GOVERNMENT

Accepted. Ministry of Petroleum and Chemicals have since issued necessary instruction vide their letter No. 13(13)/63/IOC, dated 22nd July, 1964 (Appendix VII) to all the State Governments and the Ministries/Departments of the Government of India to issue suitable instructions to their Subordinate Departments and public undertakings for making purchases of petroleum products from the Indian Oil Corporation Ltd. (Marketing Division) to the extent to which the latter is able to meet the demands, subject to the terms offered by them being competitive.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated 11-1-1967]

Recommendation (Serial No. 19)

The Committee consider that the public undertakings which are having a fairly large number of vehicles should have their own workshops for the servicing and repairs of their vehicles. It is, however, necessary to assess the utility of the workshops in terms of services rendered and economy effected thereby. The Committee would therefore, recommend that separate commercial accounts should be kept in respect of all such workshops to see whether their maintenance has been economical.

The Committee also feel that in places like Ranchi and Bangalore where there are a number of public sector projects arrangements should be made in the workshop of an undertaking to accept work from other undertakings so that any possible idle capacity of the workshop is minimised and the expenditure on maintenance reduced thereby. (Paras 82-83.).

REPLY OF GOVERNMENT

Noted. Ministry of Industry have since issued necessary instructions vide their letter No. Pr. C.16(4)/64, dated 2nd/5th November, 1966 (Appendix VIII) addressed to the Chairmen/Managing Directors/General Managers of public sector undertakings under the administrative control of the Ministry of Industry requesting them to implement the Committee's recommendations. Copy has been endorsed to other Ministries/Departments concerned requesting them to implement the recommendations in respect of public sector undertakings under their control accordingly.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated the 11th January, 1967]

Recommendation (Serial No. 20)

It is not clear to the Committee as to how in the absence of rules, it is ensured that the vehicles are being utilised properly. The method of requisitioning and allotment of vehicles, the categories of officials entitled to use them, manner of control and supervision over their maintenance are all matters which should be specifically laid down for the guidance of all concerned. This is all the more important because in the absence of adequate control, car facilities become susceptible to misuse. The Committee, therefore, recommend that all the public undertakings should have their own rules governing the use of vehicles maintained by them. They would suggest that the staff or rules of the Government of India which are quite comprehensive may be suitably adopted by the Public Undertakings. (Paras 86-87).

REPLY OF GOVERNMENT

Accepted. Ministry of Industry have since issued necessary instructions vide their letter No. Pr. C. 16(4)/64, dated 16th/24th November, 1966 (Appendix VIII) addressed to the Chairmen/Managing Directors/General Managers of public sector undertakings under the administrative control of the Ministry of Industry (copy enclosed for ready reference) requesting them to implement the Committee's recommendations. Copy has been endorsed to other Ministries/Departments concerned requesting them to implement the recommendations in respect of public sector undertakings under their control accordingly.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated the 11th January, 1967]

Recommendation (Serial No. 22)

The Committee consider that there is no necessity for the Hindustan Aircraft Ltd., to maintain aircraft and incur expenditure thereon. The small number of passengers carried by the plane also indicate that the emergent requirements of the company for which the plane is supposedly kept are few and far between. The Committee would suggest that the plane may be disposed of as its maintenance is neither economical nor very necessary. (Para 102).

REPLY OF GOVERNMENT

Accepted. The particular aircraft is expected to be sold shortly to the Indian Navy who have requirement for this aircraft.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated the 11th January, 1964].

CHAPTER III

RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Serial No. 10)

The Committee feel that some uniform principle should be followed in fixing the rates of lodging charges payable by the occupants of the guest houses. As public undertakings are owned by the Government, it is desirable that officers of the Government and the undertakings are given equal facilities in the guest houses run by each other. Further, as the rates of daily allowances payable to officers, vary according to their pay, it would be equitable if the rates of lodging charges of the guest houses are fixed according to pay drawn by them. The Committee suggest that these matters may be examined by the Government. (Para 48).

REPLY OF GOVERNMENT

In so far as the guest houses under the Ministry of Works, Housing and Urban Development are concerned, that Ministry would be willing to enter into reciprocal arrangements on the lines of those with State Governments under Audit Instruction (4) (i) below F. R. 45, with such public undertakings as have guest houses of their own. Under these arrangements, when an officer of one of the parties occupies by official arrangement a residence provided by another party, the latter will claim no more than the rent which would be recoverable from the officer if he were serving under its administrative control. Rent equivalent to that under F. R., 45-B may be charged from the employees of such undertakings as do not enter into these reciprocal arrangements.

It would not be commensurate with the expenditure involved to correlate the lodging charges in any Government hostel to the emoluments drawn by individual officials of public undertakings.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated 11-1-1967.]

Recommendation (Serial No. 12)

It is recognised that the number of vehicles required by the public undertakings may vary from one undertaking to another depending upon the nature and volume of work. Nevertheless, it should be possible to lay down some criteria for assessing the requirements. The Committee recommend that Government should examine whether norms could be laid down in terms of manpower, capital investment, output, area of operation etc. of an undertaking to determine with some approximation whether the number of vehicles required or maintained by an undertaking conform to certain accepted patterns (Para 53).

REPLY OF GOVERNMENT

As recognised by the Estimates Committee the requirements of vehicles for undertakings would depend upon the nature and volume of their work, which vary considerably. In several cases, in spite of small capital investment and out-put, the nature of intensive out-door duties may necessitate a large number of vehicles. It may not, therefore, be possible to evolve any norms for universal application.

[Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated 11-1-1967]

Recommendation (Serial No. 16)

It is desirable that the undertakings which are running buses should aim that the income from buses is not less than the expenditure incurred on their running and maintenance. Where this is not possible, efforts should be made to entrust the work to the State Transport Departments or private transport agencies who might be able to run the buses on commercial basis. (Para 73).

REPLY OF GOVERNMENT

It is not always possible to ensure that the income from buses is not less than the expenditure incurred on their running and maintenance. Undertakings run buses usually where it is necessary for workers to travel from residence to factory at odd hours during change of shifts. It will not be practicable to entrust this to State Transport Departments or private Transport Agencies who will not be able to concentrate sufficient vehicles at the change of shift hours and would prefer an evenly placed service throughout the day. It is, therefore, considered that it may not be advisable to prescribe any general rule in this regard, as due allowance has to be made to the prevailing peculiar circumstances in each undertaking like, remoteness of the location, availability of public transport, nature of the duty hours, etc.

[Ministry of Industry O.M. No. Pr. C. 16 (4)/64 dated 11-1-1967]

Recommendation (Serial No. 17)

The Committee feel that some idle capacity and empty trips are unavoidable if the four public undertakings at Bangalore, viz. Hindustan Aircraft Ltd., Indian Telephone Industries Ltd., Bharat Electronics Ltd., and Hindustan Machine Tools Ltd. keep their own buses. In their view, if the buses required by these four undertakings are run under one agency and if the shift hours of their working are staggered, it would be possible to reduce the present number of 194 buses. The Committee suggest that the matter may be examined. (Para 73).

REPLY OF GOVERNMENT

This recommendation was examined by the Coordination Committee of the Union Industries in Bangalore and it was unanimously agreed that the sharing of the transport facilities will lead to the considerable difficulties in actual practice and will not result in any advantage commensurate with the difficulties involved in the Central administration of such a service. Even as it is, the bus facility available in any one undertaking is inadequate and the pooling will not in any way improve matters.

[Ministry of Industry O.M.No. Pr. C. 16(4)/64 dated the 11th January, 1967].

Recommendation (Serial No. 21)

During the period August, 1962 to March, 1963, the planes maintained by the Hindustan Steel Ltd. flew on 22 days and carried 155 passengers per month on an average. The Committee presume that the planes are meant for use of senior officers of the Company who are required to travel on urgent work. Such occasions can only be infrequent as the Committee feel that with a little pre-plan such urgency can be avoided. The Committee are, therefore, unable to appreciate the nature and urgency of work which necessitates the officers of the Company to travel by air so frequently and in such large numbers. It is rather surprising that the Company should need two planes for those purposes. The Committee cannot help feeling that the easy availability of the planes rather than the nature of work has been the guiding factor in their use.

It is also seen that during the period April, 1961 to March, 1963 the Company's planes flew for 1178 hours out of which hours of empty flights amounted to 337.65 hours, i.e. 29 per-cent of the total flying hours. It follows that a little less than one-third of the total expenditure on oil and fuel has been on account of empty flights.

It is further noticed that during the period April, 1961 to March, 1963 the Company's planes flew for 1178 hours out of which hours of empty flights amounted to 337.65 hours, i.e. 29 per cent of the total flying hours. It follows that a little less than one-third of the total expenditure on oil and fuel has been on account of empty flights.

It is further noticed that during the period April, 1961 to March, 1963, the Company's planes carried 680 passengers other than H.S.L.'s employees, i.e. 28 passengers per month on an average. The Committee are not aware of the circumstances in which such passengers were permitted to travel by the Company's planes and whether recoveries were made from them for such journeys. They would suggest that the matter may be looked into.

In the present stage of development of public undertakings, the maintenance of an aeroplane by an undertaking can hardly be justified on grounds of economy or necessity. Apart from being expensive, such a facility gives an impression of lavishness on the part of the undertaking and is open to criticism. The Committee see no reason why the H.S.L. should be placed on a separate footing than other public undertakings or even Government Departments in the matter of having their own planes. They would suggest that the matter may be examined by the Government considering also the fact that Ranchi (where H.S.L.'s Head Office is located) is now on the air route to Calcutta. (Paras 95—98).

REPLY OF GOVERNMENT

Maintenance of Air Crafts by the Hindustan Steel Ltd., is considered necessary for providing quick means of transport for travel of Company's top-executives to various steel plants. A note explaining the points raised by the Estimates Committee is attached (Appendix IX).

[Ministry of Industry O. M. No. Pr. C. 16(4)/64 dated the 11th January, 1967].

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 1)

It is obvious that there has been no planning about the requirements of office accommodation of the various undertakings either by the public undertakings themselves or the administrative Ministries during all these years and that the accommodation has been hired at different times to suit their exigencies.

Considering the magnitude of the total rent paid and the area occupied by the public undertakings in each of the principal cities of Delhi, Calcutta, Bombay and Madras, it would now appear that the requirements of public undertakings admit of being pooled and met in a planned way. The Committee have considered this aspect and they feel that it would be more advantageous to construct one or two multi-storied buildings to house the offices of the various undertakings located in these cities. Such an arrangement would not only be economical in the long run, but would also help to ease the pressure on the private accommodation and lower the rents in these cities. It would also benefit the public undertakings in that it would bring all such offices at one place thus facilitating the easier transaction of business by the public and saving in transport and communications.

The Committee, therefore, recommend that after assessing the present and future requirements of the public undertakings, multi-storied buildings may be constructed at each one of the cities of Delhi, Calcutta, Bombay and Madras for housing their offices while assessing the needs of public undertakings, it would be desirable to ascertain the requirements of other public bodies which are being financed out of Government funds with a view to seeing whether their accommodation requirements could be met in this way. The Committee have no doubt that considerations of economy would be kept in view while selecting the sites as their location from the heart of the city would not make much difference as greater transport facilities are available in those places.

The Committee have been informed that the State Trading Corporation proposes to construct its own building in Delhi for locating its head office and that, for this purpose, it has acquired a plot of land on Janpath at a cost of Rs. 51 lakhs. The cost of construction of the

building is estimated at Rs. 87 lakhs. The Committee are not quite sure whether the head office of the State Trading Corporation should necessarily be in such an expensive site. That apart, the Committee feel that opportunity should be taken of the proposal to examine whether the offices of other public undertakings located in Delhi could also be accommodated in the multi-storeyed building to be constructed by the S.T.C.

The Committee were informed that Hindustan Steel Ltd., also proposes to construct a building in Calcutta for accommodating its offices which are now scattered at eight different places in that city. The Committee consider that this proposal may also be examined to see whether the offices of other public undertakings located in Calcutta could be accommodated in one building. (Paras 7—12).

REPLY OF GOVERNMENT

Paras Nos. 7-10

The administrative Ministries concerned will first decide whether the headquarters of the offices of various public undertakings should continue to be located in the principal cities of Delhi, Calcutta, Bombay and Madras on the basis of criteria mentioned by the Committee themselves in their recommendation No. 2 (para 17) viz., that the proper place for the location of head office of an undertaking is the place where its project is located or where an undertaking has more than one project/unit, a place as central to them as possible. It may be pointed out in this connection that the head offices/Liaison offices of public undertakings were almost in all cases established in Delhi before they were brought within the purview of Accommodation. Advisory Committee of the Cabinet in 1957, or despite their recommendations to the contrary, except in cases of temporary locations in initial stages.

The conclusions of the administrative Ministries regarding the location of head offices and liaison offices of the public undertakings in Delhi, Calcutta, Bombay and Madras can then be reviewed by the Accommodation Advisory Committee. After clear decisions have been taken in this regard and their present and future requirements of office space have been ascertained, the Ministry of Works, Housing & Urban Development could undertake the construction of one or two multi-storeyed buildings in each of these cities to house the various offices of all the undertakings. This could be possible in two ways, either the funds could be provided by Government and space allotted to each undertaking on payment of market rent, or some undertaking could construct the building for the use of all.

Para No. 11

The State Trading Corporation was to have been allotted a plot of land on Janpath where M.Ps quarters are situated. The plot, however, was not made available by the Ministry of Works and Housing. That Ministry have

now indicated two plots of land and the Corporation has finally selected two acres of land near the Fire Brigade Headquarters behind the Barakhamba Road, New Delhi. The Ministry of Works and Housing will be able to allot the plot only after the Zonal plan for Delhi is finalized by the Delhi Development Authority.

2. The price of land now selected for the construction of State Trading Corporation's building is estimated to be Rs. 29 lakhs per acre (*i.e.* total value of the two plots will be Rs. 58 lakhs). The total area available in the building to be finally constructed on this site would be about 4,00,000 sq. feet.

3. The Estimates Committee have asked whether the office of the State Trading Corporation should necessarily be in such an expensive site. It may be stated in this regard that the State Trading Corporation being a commercial organization, its office should be located in a business centre. A business organization should have the locational advantages. The proposed location of State Trading Corporation's office will give it the advantages of proximity to financial institution like banks and other business houses. Moreover, the Officers of the State Trading Corporation have continuous work with various Government Departments. They also have to discuss and negotiate business matters with the trade representatives of the Foreign Missions. The proposed location of the State Trading Corporation's office at a Central place will be quite advantageous from this point of view also.

4. It may also be pointed out that there may be restrictions on vertical constructions on sites outside Delhi. Any building constructed by the Corporation on such site will not provide space for other public undertakings. On the present valuations, investment on the office building as proposed by the State Trading Corporation, is tentatively estimated to bring a return of the order of about 10 to 12%. Considering all these factors a centrally located site has been selected for the State Trading Corporation's office building.

5. Some public undertakings have already approached the State Trading Corporation for accommodation in the proposed office building. The Corporation proposes to plan construction of the building keeping their requirements also in view.

(Ministry of Industry O.M. No. Pr. C. 16(4)/64 dated the 11th January, 1967)

COMMENTS OF THE COMMITTEE

Please see paras 10-11 of Chapter I.

Recommendation (Serial No. 2)

It appears to the Committee that the location of head offices of public undertakings in Delhi do not follow any principle. The considerations urged before the Committee would apply equally to several other undertakings whose head offices are situated outside. In

the Committee's view, the proper place for the location of Head Office of an undertaking is the place where its project is located or where an undertaking has more than one project/unit, a place as central to them as possible. In such cases, it would conduce to better control and supervision over them. It would also have the additional advantage of relieving the pressure on accommodation in the capital. The Committee feel that a time has come when it is necessary for Government to go into each case and decide on merits which of the offices should continue to remain in Delhi. They are inclined to think that the Accommodation Advisory Committee of the Ministry of Works, Housing and Rehabilitation has not given an effective lead in this matter. Government could also lay down criteria for locating the head offices of public undertakings in the capital so that in future any proposal of this nature gets an effective scrutiny before a decision is taken. (Para 17).

Recommendation (Serial No. 3)

The Committee would reiterate their earlier recommendation and suggest that the nature and quantum of work of the existing liaison offices of the public undertakings may be examined and the necessity for their location in Delhi reviewed. In this connection, the Committee have also noticed that in some cases the names of liaison offices have recently been changed to sales offices, etc. They would suggest that the work of all such offices of the public undertakings whether they are called Liaison Office or Sales Office etc. should be scrutinised and the necessity or otherwise of having them in Delhi determined. If it is found absolutely necessary to maintain such liaison offices etc., the feasibility of having a common building for all of them may be examined. (Para 21).

REPLY OF GOVERNMENT

As already stated there cannot be a better criteria for locating the head offices or liaison offices of public sector undertakings (in Delhi) than what the Committee have themselves recommended, *viz.* that the proper place for the location of head office of an undertaking is the place where its project is located or where an undertaking has more than one project/unit, a place as central to them as possible. In the cases that come up before the Accommodation Advisory Committee, the usual reasons urged for locating the headquarters or a liaison/sales office in Delhi are that the Board of Directors consists of senior Secretariat Officers of the administrative Ministry concerned, that day to day liaison has to be maintained with the Planning Commission, or the Ministries of Industry and Commerce and Finance etc. for finalisation of proposals relating to raising of finances, foreign exchange, sanctions for large expenditure, import of plant and equipment, approval of schemes of development etc. It will be observed that these reasons have not been acceptable to the Ministry of Works, Housing and Urban Development since as far back as 1961 when the then Secretary of the Ministry issued the circular letter No. 1(44)/61-EEII dated 28-8-1961 (Appendix X,) to all the Ministers

regarding the need to restrict location of offices in Delhi. It may, therefore be brought to the notice of Estimates Committee that the head offices/Liaison offices of public undertakings have almost in all cases been established in Delhi before they were brought within the purview of Accommodation Advisory Committee in 1957, or despite their recommendations to the contrary except in cases of temporary locations in initial stages. It is presumed that the observations of the Estimates Committee are not applicable to field offices as distinct from head offices and liaison offices and that offices like Insurance Units, branches of banks in the public sector etc. would continue to be exempt from the general restriction about location of offices of public undertakings in Delhi.

As desired by the Committee, a review of each case and a decision on merits as to which of the head offices or liaison offices need continue in Delhi can best be undertaken by the administrative Ministries concerned in the first instance. They will also be asked to send notes for a review by the Accommodation Advisory Committee.

(Ministry of Industry O.M. No. Pr. G. 16(4)/64 dated the 11th January, 1967)

COMMENTS OF THE COMMITTEE

Please see para 16 of Chapter I

Recommendation (Serial No. 4)

The Committee agree that there is need to provide suitable accommodation to officers of the public undertakings when they travel on official duty. The Committee, however, notice that the various undertakings have tried to solve the requirements of their visiting officers individually by setting up separate guest houses without going into the question whether these are being adequately utilised or not. The tendency to set up more such guest houses also appears to be on the increase. The Committee feel that in public undertakings which function on commercial principles, considerations of economy should preponderate. In the present case, this aspect has apparently not been given due consideration nor has there been any co-ordinated thinking among the various undertakings.

Considering the present guest house requirements of all the public undertakings and the expenditure now being incurred on their rent and maintenance, the Committee feel that it would be more economical if a common guest house is set up in each of the cities of Delhi, Calcutta, Bombay and Madras for the use of officers of all the public undertakings. The Committee, accordingly, recommend that common guest houses may be set up in these cities and would urge that early action be taken to implement this recommendation.

Pending the setting up of the common guest houses, the Committee recommend that in cases where their occupancy is low, the present guest house arrangements should be discontinued. It should also be ensured that in future, no guest house is rented or constructed in any of the cities by individual public undertakings. Such requirements may be met by pooling the existing guest houses of the public undertakings. (Paras 29-31,33)

REPLY OF GOVERNMENT

Paras 29-31

The recommendation that instead of individual public undertaking maintaining separate guest houses in Delhi, Calcutta, Bombay and Madras, it would be economical to set up common guest houses, can be implemented. For this, funds will have to be provided by Government and the accommodation in such common guest houses, allotted to the individual public undertakings according to their needs. In the alternative, some undertaking could also construct the common guest houses for the use of all.

Para No. 33

Accepted. Ministry of Finance (Department of Expenditure)/ (Department of Coordination) having since issued necessary instruction *vide* their O.M. No. F. 3(8)-PC/64, dated 1-10-64 (Appendix XI) and No. F. 1(16)-PC/66 dated the 12th October, 1966 (Appendix XII) respectively requesting the Ministries to implement the Committee's recommendation in respect of the undertakings with which they are concerned.

(Ministry of Industry O. M. No. Pr. G. 16(4)/64 dated the 11th January, 1967)

COMMENTS OF THE COMMITTEE

Please see para 21 of Chapter I

CHAPTER V

RECOMMENDATION IN RESPECT OF WHICH FINAL REPLY OF GOVERNMENT IS STILL AWAITED.

Recommendation (Serial No. 1)

The Committee were informed that Hindustan Steel Ltd., also proposes to construct a building in Calcutta for accommodating its offices now located at eight different places in that city. The Committee consider that this proposal may also be examined to see whether the offices of other public undertakings located in Calcutta could not be accommodated in one buildings (Para 12).

REPLY OF GOVERNMENT

Accepted.

(Ministry of Industry O.M. No. PRG 16(4)/64. dated the 11th January, 1967).

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE.

The Committee desire to know what steps have been taken by Government to implement Recommendation at Serial No. 1 (Para 12) of the Report. Details of steps taken may please be intimated by the 28th February, 1968, at the latest.

(Lok Sabha Secretariat O.M. No. 16-PU/66 dated the 17th February, 1968).

FURTHER REPLY OF GOVERNMENT

The Ministry of Steel, Mines and Metals (Department of Iron and Steel) are being requested to furnish the requisite information direct as desired.

(Min. of Industrial Development and Company Affairs, (Department of Industrial Development O.M. No. Pr. C 16(4)/64 dated the 6th March, 1968).

COMMENTS OF THE COMMITTEE

Please see paras 9-11 of Chapter-I.

NEW DELHI

April 25, 1968
Vaisakha 5, 1890(S)

D.N.TIWARY
Chairman,
COMMITTEE

ON
PUBLIC UNDERTAKINGS

APPENDIX I

Vide para 23 in Chapter I

Comparative Statement of the information regarding Office Accommodation maintained by Public Undertakings in Delhi/New Delhi before and after the presentation of the 50th Report of the Estimates Committee in March, 1964

Sl. No.	Name of Public Undertaking	H.O./B.O. Liaison Office etc.	Floor area sq. ft.		Annual Rent Rs.		Ref.	Remarks
			1962-63	1965-66	1962-63	1965-66		
1	2	3	4	5	6	7	8	9
1	Air India	One Office.	9,308	10,206	26,544	34,992	1	Increase in accommodation & rent paid.
2	Bharat Electronics Ltd.	Liaison Office	300	504	Nil	Nil	5	(Defence pool accommodation). Increase in accommodation.
3	Bharat Heavy Electricals Ltd. and Heavy Electricals Ltd.	Registered Sales & Liaison Office	4,499	6,579	80,988	1,18,422	6	(Accommodation shared by the Heavy Electricals (I). Ltd. Bhopal). Increase in accommodation and rent.

	1	2	3	4	5	6	7	8	9
4	Fertilizer Corporation of India Ltd.			1,000	10,511	26,400	1,20,000	17	Huge increase in accommodation and rent.
5	Heavy Engineering Corporation Ltd.			3,022	1,500	9,600	5,225	21	Accommodation increased for guest house and decreased for office in the same building.
6	Hindustan Aeronautics Ltd.			2,597	1,494	16,800	8,400	23	Accommodation & rent decreased.
7	Hindustan Antibiotics Ltd.			1,456	1,456	7,860	7,860	24	No change.
8	Hindustan Machine Tools			6,570	4,495	1,18,980	81,540	27	Accommodation & rent decreased.
9	Hindustan Steel Ltd.			3,615	5,024	6,000	33,204	30	Huge increase in accommodation & rent.
10	Indian Airlines Corporation Ltd.			4,53,402	58,800	5,87,472	Owned	32	Shifted from rented to owned accommodation.

11	Indian Drugs & Pharmaceuticals Ltd.	H.O. Liaison	6,101	6,625	84,708	85,092	33	No material change.
12	Industrial Finance Corporation of India Ltd.	H.O.	14,346	13,201	1,04,328	4,39,581	34	Huge increase in rent paid.
13	Indian Oil Corporation	(a) Liaison Office.		2,130		44,830	...	Occupied w.e.f. 15-4-66 to house the Division which was set up in 1964.
		(b) Northern Branch. (Marketing Division.)	11,033	28,768	1,89,468	6,51,870	...	Rent disproportionate to area occupied.
		(c) Refineries Division.	...	6,828	...	1,02,420	...	Set up in 1958 as Regd. office of Indian Refineries Ltd. was merged with Indian Oil Co., to form Indian Oil Corpn. with Office at Bombay & H.O. at Delhi.
		(d) Pipeline Division.	...	9,416	...	1,41,000	...	Set up in 1965.
			11,033	47,142	1,89,468	9,40,120		

1	2	3	4	5	6	7	8	9	
14	National Buildings Construction Corpn. Ltd.	H.O. O/o Regional Manager.	and Chief Manager.	7,997 Nil	7,997 2,238	56,564 Nil	56,564 9,600	47 .	No change. New Office of Regional Manager established.
15	National Coal Development Corpn. Ltd.	Liaison		1,994	744	6,600	8,900	48	Increase in rent.
16	National Industrial Development Corpn. Ltd.	H.O. and Technological Consultancy Bureau.		9,838	16,126	1,57,464	2,84,880	49	Huge increase in accommodation & rent.
17	National Mineral Development Corpn. Ltd.	Registered Office		10,532	3,115	1,17,480	30,325	50	Decrease in accommodation and rent.
18	National Projects Construction Corporation Ltd.	Registered/H.O.		8,300	13,960	58,800	97,500	52	Office & G. H. in the same building—proportionately calculated. Increase in accommodation & rent.
19	National Research Development Corpn.	H.O.		3,530	3,530	21,180	19,560	53	No increase.

20	National Seeds Corpn. Ltd.	H.O. C.T.O. Godown	4,378 Nil	5,277 31,100	22,248 Nil	54,000 19,680	54 55	Huge increase in accommodation & rent.
21	National Small Industries Corpn. Ltd.	H.O. Liaison Office	38,304 Nil	34,242 723	1,87,296 Nil	Own Building 4,235		Shifted to owned building. New Liaison Office established.
		Raw Material Depot.	Nil	5,374	Nil	11,640 Apprx.*		*Still under negotiation.
			1,16,353	1,91,394	10,06,536	20,62,077		
22	Oil & Natural Gas Commission	Liaison Office	6,635	2,838	33,312	17,028	56	Decrease in accommodation and rent.
23	Pyrites & Chemicals Development Co. Ltd.	Resident Office.	6,012	1,250	13,800	9,600	57	Before 23-7-66 company had its H.O. in New Delhi.
24	Rehabilitation Corpn. Ltd.	Housing H.O.	488	488	2,928	2,928	58	No change.
25	State Trading Corpn. of India.	H.O.	73,900	62,926	8,86,800	7,68,912	60	Decrease in accommodation and rent.

	1	2	3	4	5	6	7	8	9
26	Life Insurance Corpn. of India Ltd.	Branch Offices	40,189 N.A.	38,422* 1,85,591	1,03,428 N.A.	1,14,038 N.A.	62	*(Rented accommodation.) Decrease in area. Owned accommodation—no computed rent available.	
27	Central Warehousing Corpn.	H.O.	5,258	9,743	31,548	93,360	11	Huge increase in rent and accommodation.	
28	Indian Telephone Industries.	Indus- Sales & Service tries.	1,240	6,385	5,400	50,400	41	Huge increase in rent and accommodation.	
			1,33,122	3,07,643	10,77,216	10,56,286	Decrease in area : 151,085 sq. ft.		
			7,48,251	5,97,226	23,64,196	25,27,906	Increase in rent : Rs. 1,63,710		

APPENDIX II

Vide para 25 in Chapter I

NEW DELHI

Details of Office Accommodation rented and maintained by Public Undertakings after the presentation of 50th Report of the Estimates Committee (3rd L.S.) in March, 1964.

Sl. No.	Name of Public Undertaking	H.O./B.O. Liaison Office etc.	Floor Area Sq Ft.		Annual Rent			Ref. Remarks
			1962-63	1965-66	1962-63	1965-66	1965-66	
1	2	3	4	5	6	7	8	9
1	Bharat Aluminium Company	H.O.	Nil	5,884	Nil	36,000	3	33
2	Bharat Earth Movers Ltd.	Coordination Office.	Nil	1,400	Nil	11,100	4	
3	Bokaro Steel Ltd.	Regd. and Liaison Office.	Nil	3,118	Nil	56,124	7	
4	Cement Corporation of India	H.O.	Nil	5,690	Nil	1,36,560	8	
5	Central Fisheries Corp. Ltd.	B.O.	Nil	700	Nil	5,400	9	
6	Central Road Transport Corporation Ltd.	B.O.	Nil	1,100	Nil	13,200	10	
7	Cochin Refineries Ltd.	Liaison Office	Nil	1,440	Nil	9,000	12	

1	2	3	4	5	6	7	8	9
8	Engineers India Ltd.	H.O.	Nil	11,402	Nil	3,42,060	14	
9	Export Credit & Guarantee Corporation Ltd.	B.O.	Nil	358	Nil	2,340	15	
10	Fertilizer & Chemicals Travancore Sales Office Ltd.		Nil	2,717	Nil	76,316	16	
11	Food Corporation of India Ltd.	Liaison Office	Nil	1,800	Nil	15,000	18	
12	Hindustan Insecticides	H.O.	Nil	2,442	Nil	15,000	26	
13	Hotel Corpn. of India Ltd.	H.O.	Nil	5,170	Nil	48,000	31	24
14	India Tourism Corporation	H.O.	Nil	2,075	Nil	62,250	39	
15	India Tourism Transport Undertaking Ltd.	H.O.	Nil	1,700	Nil	4,800	40	
16	Madras Refineries Ltd.	Liaison	Nil	1,000	Nil	36,000	43	
17	M.M.T.C.	H.O.	Nil	45,157	Nil	6,62,412	45	
18	Triveni Structurals Ltd.	Regd./Liaison Office.	Nil	2,170	Nil	39,060	61	
			95,323		15,80,622			

APPENDIX III

(Vide para 26 in Chapter I)

Comparative statement of the information re : Guest Houses maintained by Public Undertakings in Delhi/New Delhi before and after the presentation of the 50th Report of Estimates Committee in March, 1964

Sl. No.	Name of the Public Undertaking	No. of beds	Annual rent	Expenditure	Expenditure	Expenditure	Lodging charges realised	Ref.	Remarks				
				on Maintenance	on rent and Maintenance	on rent and Maintenance							
		62-63	65-66	62-63	65-66	62-63	65-66						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Bharat Heavy Electricals Ltd.	3	3	8,700	8,700	4,760	20,324	13,460	29,024	1,589	2,252	6	(Shared equally by HEL) Huge increase in rent & Maintenance.
2	Fertilizer Corpn. of India	14	21	33,000	36,000	5,267	27,247	35,267	63,247	3,162	7,949	17	Do.
3	Heavy Engineering Corpn.	6	6	12,000	16,375	5,819	9,402	17,819	25,777	1,897	2,320	21	Increase in rent & Maintenance.
4	Hindustan Steel Ltd.	4	10	6,000	34,546	N.A.	7,079	N.A.	41,627	N.A.	9,808	30	Huge increase in rent.
5	Indian Oil Corpn.	4	4	6,000	6,000	2,173	8,875	6,173	14,875	896	2,862	36	Increase in rent and Maintenance.
6	Indian Telephone Indust.	1	3	N.A.	6,000	N.A.	175	N.A.	6,175	N.A.	222	41	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
7 National Coal Development Corporation.	5	5	5	5	13,200	10,300	6,180	4,290	19,380	14,590	1,333	3,553	48	Guest House in the office building itself rented @ Rs. 16,00 p.m. Accommodation for Guest House—884 sq. ft. Office—744 sq. ft.
8 National Mineral Development Corpn.	2	4	4	4	1,584	*11,675 approx.	962	3,747	2,546	15,422	145	1,702	50	*No. separate building for Guest House, proportionate rent calculated. Huge increase in rent and maintenance.
9 National Protects Construction Corporation Ltd.	2	4	4	4	N.A.	4,800	†N.A.	Nil	N.A.	4,800	243	222	52	A part Office building proportionate rent calculated.
10 Oil & Natural Gas Commission.	13	14	14	14	18,000	20,400	3,789	10,528	21,789	30,928	3,815	1,961	65	†Two employees appointed from August, 1966—Salaries not known. While rent and maintenance increased lodging charges realised decreased.

11	Life Insurance Corporation of India Ltd. (Guest Houses in owned buildings).	8	16	Nil	20,937 (Computed rent)	5,911	28,911	N.A.	49,248	3,468	13,752	62	Computed rent not given in 1962-63. Increase in Guest House accommodation.
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623	95,484	1,75,735	34,861	1,19,978	1,18,434	2,95,713	16,487	46,605
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NOTE.—While rent and maintenance expenditure has increased in general, the occupancy ratio has been low as previously.

APPENDIX IV

(Vide para 27 in Chapter I)

Details of Guest Houses rented and maintained by Public Undertakings after the presentation of 50th Report of Estimates Committee (Third Lok Sabha) in March, 1964

Sl. No.	Name of the Public Undertaking	No. of beds	Annual rent	Expenditure on		Lodging charges realised	Ref.	Remarks					
				Maintenance	rent and maintenance								
						62-63	65-66						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Hindustan Aeronautics Ltd.	Nil	7	Nil	8,400	Nil	7,577	Nil	15,977	Nil	3,855	23	..
2	Pyrites & Chemicals Development Co. Ltd.	Nil	3	Nil	3,600	Nil	*90	Nil	3,630	Nil	132	57	Two rooms in the office building; proportionate rent calculated.
		10	12,000			7,607		19,607			3,987		

*November 1965 to March, 1966 only.

APPENDIX V

(Vide Sl. No. 11 in Chapter II)
No. Pr. C. 16 (4)/64

GOVERNMENT OF INDIA MINISTRY OF INDUSTRY

New Delhi, the 24th Nov., 1966

To

The Chairmen/Managing Directors/General Managers of all the Public Sector Undertakings under the administrative control of the Ministry of Industry.

SUBJECT:—*Economy in expenditure incurred on the running and maintenance of cars/vehicles by the public sector undertakings*

Sir,

I am directed to refer to the recommendation at Serial Nos. 11, 13, 15, and 20 summarised in the Annexure, made by the Estimates Committee on the above subject, in their 50th Report (1963-64) on "Public Undertakings—Accommodation rented in Principal Cities and Guest Houses, Staff Cars, etc. maintained by them".

2. It would be observed that the Estimates Committee have been very critical about the large number of staff cars/jeeps/station wagons, etc. maintained by the public sector undertakings and the excessive expenditure incurred on the running and maintenance thereof. In view of the observations made by the Estimates Committee and in order to implement these recommendations, I am to request you kindly to review your requirements of vehicles maintained by your undertakings with a view to bringing the number down to the minimum possible. Austerity and economy has to be observed in future, before approving proposals for the purchase of new vehicles or the replacement of old ones. The procedure regarding the allotment of vehicles to officers and others and the method of control and supervision exercised over their running and maintenance should also be reviewed and suitable measures adopted to reduce the running and maintenance expenditure on vehicle as far as possible.

3. As observed by the Estimates Committee, it would be conceded that the facility of cars/jeeps/station wagons etc. provided to the officers and other for journeys between residence and place of work, in payment of monthly charges is neither economical nor desirable. I am, therefore, to request that the transport arrangements for the officers of your undertaking may kindly be examined in the light of the recommendations of the Estimates Committee and necessary steps taken to modify the same suitably.

4. The Estimates Committee have also observed that the public undertakings should have their own rules governing the use of cars/vehicles maintained by them, as, in the absence of proper rules and adequate control, such facilities become susceptible of misuse. I am, therefore, to request that the staff car rules may be framed for your undertaking and approval of your Board of Directors be taken for the same, unless this has already been done.

5. I am to request you to take early steps to implement these recommendations and advise this Ministry of the action taken by you in the matter in due course.

Yours faithfully,
Sd/- Dhani Ram,

Under Secretary to the Govt. of India.

Copy forwarded to all the Ministries/Depts. with the request to advise the public sector undertakings under their control on the above lines to implement the recommendations of the Estimates Committee accordingly.

2. Copy forwarded for information to all the industries Sections in the Ministry of Industry concerned with public sector undertakings.

3. Copy forwarded for information to the Ministry of Finance, Department of Coordination, Bureau of Public Enterprises, Udyog Bhavan, New Delhi, with reference to their W. O. Dy. No. 827-PC/66 dated 14-11-66.

Sd/- Dhani Ram,

Under Secretary to the Govt. of India.

ANNEXURE

Summary of recommendations made in Chapter IV of Estimates Committee's 50th Report (1963-64) on "Public Undertakings—Accommodation rented in principal cities and guest houses, staff cars, etc. maintained by them"

(i) The number of vehicles maintained by some of the undertakings is very large. This may partly be due to the liberal manner in which the need for vehicles required by them was assessed and the ease with which they could be obtained on priority basis. It will be appreciated that the purchase of vehicles in large numbers by an undertaking adds to the capital and running cost of a project sizeably. Frugality and economy should therefore, be observed by each undertaking before approving proposals for purchase of new vehicles or the replacement of old ones. The undertaking should review their requirements to bring the number down to the minimum.

(ii) In cases where the average running and maintenance expenditure on a vehicle exceeds the overall average of over Rs. 9,000 per annum which by itself appears to be on the high side, the matter should be looked into not only by the undertaking but by the Government as well. The procedure regarding the allotment of vehicles to officers and others and the method of control and supervision exercised over their running and maintenance should be reviewed and suitable measures adopted to reduce expenditure on them. There is a tendency, especially in the larger undertakings, not to attach sufficient importance to these matters. All the undertakings should give adequate attention to it in future.

(iii) There is no sufficient justification for permitting the facility of cars/jeeps/station wagons, etc. to officers and others for journeys between residence and place of work on payment of monthly charges which are generally low. The provision of such a facility seems to be neither economical nor desirable for the following reasons:—

(1) It necessitates a larger number of vehicles being required by the undertaking and thus results in increased capital expenditure.

(2) It involves more expenditure on pay and allowances of drivers, petrol, maintenance, depreciation cost etc. which would not be commensurate with the recoveries made from officers.

(3) It virtually amounts to a commitment by the undertaking to provide transport at any cost. Such a commitment is not desirable because journeys between residence and place of work are treated as private.

(4) It is likely to cause difficulties in restricting the running of vehicles between residence of officers and factory/project etc. only.

(5) It is likely to give an impression of exclusiveness over the use of vehicles and to lead to misuse of the privilege.

(6) It will have repercussions in other public undertakings.

(7) It invokes public criticism and creates discontent among the staff not getting this privilege.

The other means of available transport should be availed of by the officers. The undertakings concerned should examine their present transport arrangements and modify the same suitably.

(iv) The method of requisitioning and allotment of vehicles, the categories of officials entitled to use them, manner of control and supervision over their maintenance should be specifically laid down for the guidance of all concerned. In the absence of adequate control, car facilities become susceptible to misuse. All the public undertakings should have their own rules governing the use of vehicles maintained by them. The staff car rules of the Government of India which are quite comprehensive may be suitably adopted by the Public Undertakings.

APPENDIX VI

(Vide Sl. No. 14 in Chapter II)
No. F. 2(18)-PC/64

GOVERNMENT OF INDIA,
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

New Delhi-2 the 20th November, 1964.

OFFICE MEMORANDUM

SUBJECT:—Use of official cars for private purposes by Managing Directors, etc., of public sector undertakings.

The undersigned is directed to state that the Estimates Committee in their 50th Report (Third Lok Sabha) (63-64) have desired that the existing procedure regarding car facility allowed to officers of undertakings should be examined having regard to the following:—

- (i) In the absence of log books and any upper limit on the mileage covered or cost of petrol consumed, there is likelihood of laxity in the use of such cars.
- (ii) Provision of car facility is uneconomical to the undertakings inasmuch as the recoveries made from the officers concerned are not sufficient even to meet the pay and allowances of drivers not to speak of running and maintenance cost of the car.
- (iii) When a facility of this kind is extended by some undertakings, it is probable that other undertakings may also grant similar facilities to their officers irrespective of the actual needs of such officers.
- (iv) Such facility invokes public criticism.

In the light of the observations made by the Estimates Committee, the position has been reviewed in the light of data made available by different undertakings. It has been decided, in partial modification of the orders contained in our O. M. No. F. 4(43)-E.IV(B)/58 dated the 1st January, 1963, that (a) the concession would be normally admissible only to the Chief Executive of a Corporation, whether a Chairman/Managing Director and (b) non-duty journeys should not exceed 500 KM in a month, journeys from residence to office being treated as duty runs for the purpose. The existing

rates of recovery, namely of Rs.100 p. m. for small cars upto 16 H.P. and Rs.150 p.m. for larger cars will remain unchanged for the present. Charges for private use in excess of 500 K.M. limit will be recoverable at the appropriate kilometer rate fixed in each undertaking. Car-logs should be maintained showing journeys on official duties, and for private purposes separately.

Sd/-(R. R. K. Menon)

Under Secretary to the Govt. of India

To

All Ministries/Departments of the Government of India.

APPENDIX VII

(Vide S. L. No. 18 in Chapter II)

No. 13(18)/63/IOC

GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM AND CHEMICALS.

New Delhi, dated the 22nd July, 1964

To

All State Governments/Union Territories.

Subject:—POL requirements of various Departments and undertakings under the Central and State Governments.

Sir,

I am directed to say that, among the objectives of the Indian Oil Company, which is a wholly Government owned Company, one of its most important one is to take steps to ensure that within the shortest possible time, it is in a position to arrange the supply of all petroleum products, required by all Central & State Government Organisations.

2. With the above objective in view, the Company has already developed its bulk storage installations and retail outlets in various parts of the country and it is now in a position to meet to a very large extent, the P. O.L. requirements of Government Organisations and Public Undertakings. Consequently, the Company has been approaching the various Government Consumers (Central and State) and public undertakings, with a view to obtaining supply contracts. However, supply of P. O. L. requirements of some of these undertakings still continues to be drawn from other oil companies in the private sector.

3. The Estimates Committee (Third Lok Sabha) on Public Undertakings in its Fiftieth Report has considered it desirable that all the public undertakings should make their purchase of petrol etc. from the Indian Oil Company to the extent to which the latter is able to meet their demands. An extract of the relevant recommendation is enclosed.

4. To enable Indian Oil Company to implement the aforesaid recommendation of the Estimates Committee, I am to request that the contents of this recommendation may be brought to the notice of the undertakings and departments under your administrative control, and suitable instructions may be issued to all your subordinate departments and undertakings

that they should make their purchases of petroleum products etc. from the Indian Oil Company to the extent to which the latter is able to meet the demands, subject to the terms offered by the Company being competitive.

I am to request an acknowledgement of the receipt of this letter.

Yours faithfully,

Sd/- (S. D. Bhambri)

Deputy Secretary to the Govt. of India.

Copy to all Ministries/Departments of Government of India.

2. General Section.

Sd/-(S. D. Bhambri)

Deputy Secretary to the Govt. of India.

S. No.	Reference to Para No. in the report.	Summary of conclusions/recommendations.
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18

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The Committee understand that the Indian Oil Company has not approached the public undertakings, for supplying petrol etc. to them nor have many of the undertakings themselves contacted the IOC in this connection. The committee consider it desirable that all the public undertakings should make their purchases of petrol etc. from the Indian Oil Company to the extent to which the latter is able to meet the demands. The I. O. C. should also enter the negotiations with all the undertakings and work out plans for supplying its products to them. It may also be ensured that the terms offered by the Indian Oil Company are competitive with those of the private companies and the public undertakings are not in any way placed at a disadvantage on this account. In case the I. O. C. is unable to make arrangements for the supply of Petrol, Oil and Lubricants (P. O. L.) to the undertakings at all the places, the feasibility of meeting their requirements through and on the rates of D. G. S. & D. may be examined.

APPENDIX VIII

(Vide Sl. No. 19 in Chapter II)

No. Pr. C. 16 (4)/64

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY

New Delhi, the $\frac{2nd}{5th}$ November, 1966.

To

The Chairman/Managing Directors/General Managers of all the public sector undertakings under the administrative control of the Ministry of Industry.

SUBJECT:—Economy in expenditure incurred on Workshops maintained by the Public Sector Undertakings.

Sir,

I am directed to say that the Estimates Committee in paras 82-83 of their 50th Report (Third Lok Sabha) on Public Undertakings, have considered that the public undertakings which are having fairly large number of vehicles should have their own workshops for the servicing and repairs of their vehicles. They have, however, pointed out that utility of such workshops should be assessed in terms of services rendered and economy effected thereby. For this purpose they desire that separate commercial accounts should be kept in respect of all such workshops with a view to see whether their maintenance has been economical.

2. The Estimates Committee have further recommended that in places like Ranchi and Bangalore where there are a number of public sector projects, suitable provision should be made in the workshop of an undertaking to accept work from other undertakings so that any possible idle capacity of the workshop is minimised and the expenditure on maintenance thereof reduced.

3. I am to request you to take necessary steps to implement these recommendations in so far as your undertaking is concerned. This Ministry may kindly be advised of the action taken by you in the matter in due course.

Yours faithfully,

Sd/- (DHANI RAM)

Under Secretary to the Govt. of India.

Copy forwarded to all the Ministries/Deptts. with the request to advise the public sector undertakings under their control accordingly.

2. Copy forwarded for information to the Ministry of Finance, Department of Co-ordination, Bureau of Public Enterprises, New Delhi.

3. Copy forwarded for information to all the Industries Section in the Ministry of Industry concerned with Public Sector Undertakings.

Sd/- (DHANI RAM)
Under Secretary to the Govt. of India.

APPENDIX IX

(Vide Sl. No. 21 in Chapter III)

HINDUSTAN STEEL LIMITED

AVIATION DEPARTMENT

RANGHI

SUBJECT:—Aeroplanes.

1. The expenditure shown in para 86 of the report also includes depreciation, which is as high as Rs. 4.11 lakhs and Rs. 3.68 lakhs for the year 1961-62 and 1962-63 respectively. The actual expenditure on Running and Maintenance and salaries had been only Rs. 2.68 lakhs and Rs. 2.11 lakhs for the above two years respectively, which is not high if viewed from the magnitude of the Company's interest. The item of expenditure on Depreciation is diminishing nature and decrease from year to year, as the amount of depreciation is calculated @30 per cent on the book value of the aircraft for each year.

2. During the year 1962-63, we had only one pilot to operate both the planes. The number of days of operation on each aircraft during this year had been, therefore, low. The services of second pilot were actually available from 12-11-1963. Although he joined us on 1-7-1963, he was on training until November, 1963 for Civil Aviation Department's endorsement to operate our types of aircraft (M/s. Tata Iron & Steel Co. and IISCO are the only others in the country possessing these types). From the enclosed statement, (*vide* Annexure I) it may be seen that the rate of our flying had considerably gone up from November, 1963 when both the pilots were on flying duty. On an average the aircrafts flew for 36 flying days per month, and carried 1131 passengers, during the year. During the last four months of the year, the aircraft carried 146 passengers per month on an average.

3. EMPTY FLIGHTS.

The aircraft are essentially meant to provide quickest transport for travel of Company's top executives to efficiently discharge their duties. According to Company's rules, planes can be requisitioned by Chairman, Directors, General Managers and a few Senior Officials only. The others can only avail the plane subject to flight programme and accommodation. As such, we do not operate the plane on any particular schedule, but arrange flights as and when requisitioned by the competent authority. Since the time lag between the requisition and the flight being generally very short, certain empty flights either from base to the origin of passenger-flight or from destination to the base are unavoidable. We, however, arrange our flights with utmost diligence to avoid empty flights wherever possible and also leave the plane in outstation, if necessary. But if gap

between flights is more than 3 days, the plane should necessarily be brought to the base for maintenance work. Moreover, ours is not a Commercial transport, but essentially meant for the use by Company's Executives. As such the empty flights may not be taken as basis to evaluate economics of maintenance of aircraft.

4. OUTSIDE PASSENGERS.

Outsiders who generally avail our plane are either Company's guests, Ministers of Centre or States, or Officers of the Government or Government Undertakings and very Important persons sponsored by the Governments. Out of 680 passengers other than HSL employees travelled in Company's aircraft for the period under review by the Estimate Committee, 364 passengers were Company's Guests. These include Steel Minister, Chief Minister of Orissa, Madhya Pradesh, Bihar and West Bengal, World Bank Team, Soviet Export Team, Lord Mayor of Frankfurt and party U.K., High Commissioner and Party and such other persons who visited our Ranchi Office and Plants in the course of Company business. As regards the other passengers viz., Officers of HEC N.C.D.C. and F. C. I. etc. the Company did not add anything to its expenditure since proportionate cost of flights amounting to Rs. 30,000 approximately was recovered for their use of plane by catering to the needs of other Government Organisations, we have been not only keeping out operations, at optimum level but also saving something on the fixed expenditure. During the year 1963-64 we carried 205 Fare Paying passengers, mostly Company's employees and some others associated with Company's work Recoveries from them have been over Rs. 36,142.42.

5. NECESSITY OF THE PLANES.

In the course of Company's business, frequent meetings of top executives is very essential as much as their presence in their respective headquarters. Our plants are situated in different directions and are not connected by any Commercial routes from Ranchi. As such, to save the valuable time on travel, the top executives need to be provided with Air transport. In annexure II, we have shown a typical example of plane-arrangements necessary for Board meetings which is normally held once a month. It may be appreciated that the Directors of the Company who are honorary have to come from various parts of India. In the absence of our plane, they had to resort to Train travel from and to Calcutta for attending the meetings. This would mean adding one more day to their journey on each day. Moreover, the prevailing conditions of the reservation in trains are also significant. One would hardly be sure of train accommodation unless arrangements are made at least 15 to 20 days in advance. As such, to save their time on travel and also to ensure their presence for meetings, it is necessary the Company should have its own air transport. Before Board meetings the Directors have preliminary discussions with the General Managers of the Plants on the previous day. The transport arrangements should therefore also cover journeys of General Managers both ways. Above all, the value of time particularly during the period of emergencies viz., break-downs, strikes and lock-outs in plants hardly needs over emphasis.

If the Company should keep only one aircraft it would mean availability of the plane services only 8 months in a year, as generally, two months are lost for C of A overhaul and another two months when pilot and Engineer go on leave. Emergencies do not come with prior notice, and if the plane is not available when it is required, the very purpose for which the aircrafts are maintained would be defeated. A stand-by is, therefore, always necessary regardless of the numbers of days of flying of both aircrafts simultaneously. It is perhaps relevant to mention here that even sthe ingle-plant Steel Companies like TISCO and IISCO are also having 3 to 4 aircraft each for use in course of their business.

During the year 1963-64, the planes have made 686 flights and carried 686 Company's executives.

ANNEXURE I

Month	Flights				Empty Flights				Passengers			
	Nos.	Hrs.	Miles approx.	Nos.	Hrs.	Miles approx.	Co.'s emplo- yees	Co.'s Guests	Fare paying	Total	No. of days flown	
April, 63	DOR DOQ	26 28.10	4,665	8	9.05	1,590	32	..	1	33	1	
May, 63	DOR DOQ	19 16.20	2,570	6	5.15	845	24	24	11	
June, 63	DOR DOQ	51 48.40	7,694	19	16.40	2,473	49	..	3	69	38	
July, 63	DOR DOQ	18 34	2,098 5,072	5 8	2.30 8.15	233 1,298	26 41	2 8	6 12	34 61	8 15	
August, 63	DOR DOQ	54 ..	8,003	13	10.55	1,664	65	27	5	97	21	
September, 63	DOR DOQ	43 ..	7,079	14	13.40	2,167	51	11	1	63	20	
October, 63	DOR DOQ	32 12	4,704 1,410	15 3	11.40 2.35	1,836 426	22 10	14 9	8 2	44 21	16 4	

November, 63	DOR	21	25.05	3,655	6	5.20	776	17	5	6	28	11
	DOQ	37	34.30	5,539	13	11.25	1,778	33	22	19	74	19
December, 63	DOR	32	34.25	5,332	14	15.25	2,619	19	14	10	45	15
	DOQ	54	44.30	7,017	15	11.20	1,698	56	3	37	96	18
January, 64	DOR	50	51.15	8,550	22	20.00	3,107	36	36	8	80	23
	DOQ	60	60.25	8,585	21	19.55	2,912	72	29	10	111	23
February, 64	DOR	34	30.45	4,637	8	5.15	699	29	12	13	54	13
	DOQ	30	28.55	4,733	8	8.15	1,356	25	12	23	60	16
March, 64	DOR	40	39.50	5,710	12	10.10	1,646	43	7	13	65	19
	DOQ	39	35.40	5,753	9	6.15	747	36	10	26	72	17
TOTAL	DOR	324	321.00	49,768	109	94.55	14,747	308	130	72	510	146
	DOQ	362	337.55	53,038	110	99.00	15,123	378	110	133	621	168
GRAND TOTAL		686	658.55	1,02,806	219	193.55	29,870	686	240	205	1,131	

ANNEXURE II

Plane arrangements required to be made for a Board Meeting (presuming Rourkela as a venue)

From	To	E.T.D.	E.T.A.	Passengers	From	To	E.T.D.	E.T.A.	Passengers
First Day									
				VI—DOQ	TWIN BONANZA				VT—DOR
Calcutta	Durgapur	06.30	07.15	(1) Shri Tandon, Director (from Bombay), (2) Shri Krishna, Director (from Madras), (3) Shri Ghei, Director (from Delhi),	Bhilai Kourkela Ranchi	Rourkela Ranchi	06.00	07.25	(1) GM, Bhilai EMPTY
					Ranchi	Rourkela	08.30	09.05	(1) Chairman (2) Adviser (Finance) (3) Secretary (4) Chief (R&IR)
Durgapur	Jamshedpur	07.25	08.10	(1) Shri Tandon. (2) Shri Krishna. (3) Shri Ghei. (4) Shri Bell, GM, DSP					
Jamshedpur	Rourkela	08.20	09.15	(1) Shri Tandon. (2) Shri Krishna. (3) Shri Ghei. (4) Shri Bell.					

APPENDIX X

(Vide Sl. No. 2 in Chapter IV)

Copy of D.O. letter No. 1(44)/61-EE.II, dated the 28th August, 1961 from Shri T. Sivasankar, Secretary, Ministry of Works, Housing and Supply addressed to the Secretaries of all Ministries of the Government of India

As you are aware office accommodation is scarce in Delhi notwithstanding the fact that a dozen multi-storeyed buildings have been constructed by the Central Public Works Department during the Second Five Year Plan. The present shortage is of the order of 5 lakhs square feet. About 19 lakhs square feet of the available accommodation is in temporary hutments most of which have outlived their lives. We have to demolish these hutments not only because they are unsafe but also because the sites on which they stand are required for the construction of permanent buildings. About 5 lakhs square feet of accommodation is available in hired or requisitioned buildings for which we are paying Rs. 20 lakhs per annum as rent or compensation. The Requisitioning & Acquisition of Immovable Property Act, 1952 will come to an end in March, 1964 and we cannot foresee at this stage whether parliament will give it a new lease of life. In any case we are under a moral obligation to release those properties which have been with us for a very long period.

2. To relieve the pressure in Delhi we have been urging that offices which could be located elsewhere should be shifted from the capital. Some offices did move but there has been no perceptible relief because the expansion of staff in Delhi was far in excess of the staff which moved out. Recently we made unsuccessful efforts to persuade the Ministries/Departments to agree to the shifting of some offices to Chandigarh and Faridabad in pursuance of a directive of Committee of Cabinet.

3. It seems the gravity of the accommodation position in Delhi has not been fully realised by the Ministries and Departments. The necessity for liaison with the Secretariat is usually advanced as an argument for the location of every office in Delhi. This argument is difficult to accept in the context of modern means of communication. We are aware of a number of important attached and subordinate offices as well as Government sponsored companies etc. smoothly functioning from places outside Delhi.

4. For the Third Five Year Plan, our tentative programme of construction of office and residential accommodation in the general pool in all the principal cities amounted to Rs. 57 crores. Taking into consideration the capacity of the Central P.W.D. the shortage of building materials, foreign exchange and technical personnel, we asked for a reduced allocation of Rs. 35 crores. The Planning Commission has, however, allocated only Rs. 15 crores as the expenditure limit, and Rs. 25 crores as the programme limit. This allocation

is quite inadequate and we are reluctantly compelled to curtail our construction programme drastically. The new office buildings which we propose to construct in Delhi during the Third Plan period under the truncated programme will be barely sufficient locating the offices now housed in temporary butments which are for demolition. Hardly any additional accommodation will, therefore, be available during the next few years for meeting the existing shortage or future requirements arising out of the setting up of new offices for the expansion of the existing offices.

5. In view of what I have stated above, you will appreciate that we cannot, for some time to come, entertain any requests for additional office accommodation in Delhi even when the accommodation asked for is for expansion of staff in the Secretariat or attached and subordinate offices under your control. If expansion of staff or setting up new offices becomes inevitable the possibility of locating them or some of your offices outside Delhi should be fully explored. You may also kindly use your good offices to persuade the Government sponsored organisations, companies, corporations and institutions under your control to locate their office outside Delhi.

APPENDIX XI

(Vide Sl. No. 4 in Chapter IV)

Copy of O.M. No. F. 3(8)/64-Pc, dated 1st October, 1964, from Ministry of Finance to all Ministries, regarding Renting of Guest Houses by Public Undertakings

The Estimates Committee in their Fiftieth Report (1963-64) on "Public Undertakings—Accommodation rented in Principal Cities; and Guest Houses, Staff Cars etc. maintained by them" have *inter alia* suggested that considering the present guest house requirements of all the public undertakings and the expenditure now being incurred on their rent and maintenance, a common Guest House may be set up in each of the cities of Delhi, Calcutta, Bombay and Madras. Pending the setting up of the Common Guest Houses, the Committee have recommended that in cases where the occupancy is low the present Guest House arrangements should be discontinued.

It is suggested that Public Undertakings, under the administrative control of the Ministry of Industry and Supply etc. may be advised on the following lines :—

- (a) As far as possible pooling of guest houses accommodation should be attempted and facilities provided by Government should be availed of.
- (b) Starting new guest houses and extension of lease of existing guest houses should be done only with Government approval.
- (c) The question of closing guest houses with low occupancy ratio should be immediately considered.

APPENDIX XII

(Vide Sl. No. 4 in Chapter IV)

F. 1(16)-PC/66

MINISTRY OF FINANCE

DEPARTMENT OF COORDINATION BUREAU OF PUBLIC ENTERPRISES.

New Delhi, the 12th October, 1966.

OFFICE MEMORANDUM

SUBJECT :—Economy in expenditure incurred on Guest Houses maintained by Public Enterprises.

Reference is invited to the recommendations, summarised in the Annexure, made by the Estimates Committee on the above subject, in their 50th Report (1963-64) on "Public Undertakings-Accommodation rented in principal cities and guest houses, staff cars, etc. maintained by them".

2. In pursuance of these recommendations, the Ministries concerned were requested, in Department of Expenditure O.M. No. F. 3(8)-PC/64 dated the 1st October, 1964 (Copy enclosed) to advise the Public Enterprises under their control on the following lines:—

- (a) As far as possible, pooling of guest house accommodation should be attempted and facilities provided by Government should be availed of.
- (b) Starting of new guest houses and extension of lease of existing guest houses should be done only with Government approval.
- (c) The question of closing guest houses with low occupancy ratio should be immediately considered.

3. It has, however, been observed that more and more guest houses are springing up. The maintenance of separate guest houses by individual public enterprises has evoked public criticism. It is also difficult to justify the arrangements. In the context of the present need for curtailing public expenditure, the Cabinet have recently decided :—

"The expenditure at present being incurred on guest houses by the public sector undertakings should also be subjected to review as a part of the overall economy".

4. For implementing the recommendations of the Estimates Committee and the Cabinet decision the Ministry of Industry, etc. should kindly advise the public Enterprises with which they are concerned to review the guest

house requirements on the basis of the occupancy ration as suggested by the Estimates Committee. It is requested that the results of the review should be intimated to the Bureau of Public Enterprises by the 15th November, 1966.

Sd/- (R. C. DUTT)

Secretary to the Government of India.

All Ministries/Departments (including Cabinet Secretariat and Prime Minister's Secretariat).

ANNEXURE

Summary of recommendations made in Chapter III of Estimates Committee's 50th Report

(i) While there is need to provide suitable accommodation to officers of public undertakings when they travel on official duty, it was noticed that the various undertakings have tried to solve the requirements of the visiting officers individually by setting up separate guest houses without going into the question whether these are being adequately utilised or not. The tendency to set up more such guest houses also appeared to be on increase.

(ii) Considering the present guest house requirement of all the public undertakings and the expenditure now incurred on the running and maintenance, it would be more economical if a common guest House is set up in each of the bigger cities for the use of officers of all the public undertakings.

(iii) Pending the setting up of the common guest house, in cases where occupancy is low the present guest house arrangement should be discontinued. In future, no guest house should be rented or constructed in any of the cities by individual public undertakings. Such requirements may be met by pooling the existing guest houses of the public undertakings.

(iv) The renting of guest houses for the officers of the public undertakings should be considered when these are expected to be adequately occupied by visiting officers or in cases where hotel facilities are not available.

(c) The occupancy figures of many of the guest houses owned by the public undertakings were low. This would seem to indicate that the accommodation reserved for guest house purposes in these cases is in excess of the actual requirements which were apparently not properly assessed when the construction of guest houses was planned. Moreover, in many cases the rent realised from the occupants of the guest houses has not been adequate to cover the expenditure incurred on their maintenance. The undertakings concerned should go into the functioning of these guest houses: where the occupancy ratios are very low, the necessity of their continuance should be examined. In cases where it is found necessary to continue the arrangement, it should be ensured that the accommodation reserved for the guest houses is in accordance with the actual requirements releasing, wherever possible, the surplus accommodation for other purposes. Further, where the rent realised from the occupants of the guest houses is utmost economy should be exercised.

APPENDIX XIII

(Vide para 5 of Introduction)

Analysis of the action taken by the Government on the recommendations contained in the Fiftieth Report of the Estimates Committee (Third Lok Sabha)

I. Total Number of Recommendations made	22
II. Recommendations that have been accepted by Government (vide Sl. Nos. 5, 6, 7, 8, 9, 11, 13, 14, 15, 18, 19, 20, 22) —	
Number	13
Percentage to total	59·1
III. Recommendations which the Committee do not desire to pursue in view of Government's reply (vide Sl. Nos. 10, 12, 16, 17, 21) —	
Number	5
Percentage to total	22·72
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (vide Sl. Nos. 1 (paras 7-11), 2, 3, 4) —	
Number	3-5/6
Percentage to total	17·42
V. Recommendation in respect of which final reply of Govern- ment is awaited (vide Sl. No. 1 (para 12) —	
Number	1/6
Percentage to total	·76

Serial No.	Name of Agent	Agency No.	Serial Nos.	Name of Agent	Agency No.
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66		MANIPUR	
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi	76		AGENTS IN FOREIGN COUNTRIES	
31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	
32.	Hind Book House, 82, Janpath, New Delhi	95			

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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE
GENERAL MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.
