

**COMMITTEE ON PUBLIC UNDERTAKINGS
(1968-69)**

(FOURTH LOK SABHA)

THIRTY-SECOND REPORT

**Action taken by Government on the recommendations
contained in the Ninth Report of the
Committee on Public Undertakings
(Fourth Lok Sabha)**

CENTRAL WAREHOUSING CORPORATION

**MINISTRY OF FOOD & AGRICULTURE
(DEPARTMENT OF FOOD)**



**LOK SABHA SECRETARIAT
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C O R R I G E N D A

Thirty-second Report of the Committee on Public Undertakings (1968-69) on Action Taken by Government on the recommendations contained in the Ninth Report of the Committee on Public Undertakings (Fourth Lok Sabha) on Central Warehousing Corporation.

Page	S.No. of recommenda- tion	Line	For	Read
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(1968-69)

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Second Report on the Action Taken by Government on the recommendations contained in the Ninth Report of the Committee on Public Undertakings (4th Lok Sabha) on Central Warehousing Corporation.

2. The Ninth Report of the Committee was presented to the Lok Sabha on the 5th April, 1968. Government furnished their replies indicating the action taken on the recommendations contained in the Report on the 15th October, 1968 and 7th November, 1968. Reply of Government in respect of recommendation at Sl. No. 7 (Para 52) had not been received till the 28th March, 1969 when the Committee finally considered the replies. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 28th March, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

3. 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 replies from Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Ninth Report of the Committee on Public Undertakings (4th Lok Sabha) is given in the Appendix V. It would be observed therefrom that out of 34 recommendations contained in the Report, 62 per cent have been accepted by the Government and the Committee do not desire to pursue 35 per cent of the recommendations in view of Government's reply. Replies of Government in respect of 3 per cent of the recommendations are still awaited.

G. S. DHILLON,

Chairman,

Committee on Public Undertakings.

NEW DELHI,
April 15, 1969

Chaitra 25, 1891 (S)

CHAPTER I

REPORT

The Committee would like to record that replies of Government to the recommendations contained in the Ninth Report of the Committee on Public Undertakings (Fourth Lok Sabha) on Central Warehousing Corporation were received in time and to the satisfaction of the Committee.

2. The Committee, however, regret to note that in spite of reminders, the Ministry of Health & Family Planning and Works, Housing and Urban Development have not furnished their reply to the Ministry of Food and Agriculture in respect of recommendation at Serial No. 7 (Paragraph 52) regarding 6 months to one year's delay in the construction of warehouses by the C.P.W.D.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Committee regret to note that the Central Warehousing Corporation has not made much headway in setting up general warehouses in the country during the 12 years of its existence. Even the modest target of 100 warehouses laid down for the five year ending 1960-61 had not been fulfilled by the end of that period and is now expected to be achieved in the Fourth Plan period. The progress made by the Corporation in setting up new warehouses during the years 1963-64 to 1965-66 has also been extremely slow as is evident from the fact that 78 general warehouses at the end of the year 1962-63 could only be increased to 82 at the end of 1965-66. The Committee would suggest that the Corporation should make an intensive survey in consultation with the Agricultural Marketing Societies, Central/State Government authorities etc., with a view to locating new centres of All-India importance and extending warehousing facilities where necessary. (Paragraph 15)

Reply of Government

As a result of regular consultation with various organisations and Departments of the Central and State Governments for locating new centres of All-India importance, the Central Warehousing Corporation have found that the number of such centres should at present be 100. Further consultations are in progress with the State Warehousing Corporations and others to settle the requirements for the future.

The Central Warehousing Corporation have formulated plans for Central Warehouses at Jaipur, Bangalore, Hapur, Muzaffarnagar and Erode. At these centres, suitable hired accommodation is at present not available and construction of warehouses has not been possible due to paucity of funds. As soon as funds become available, it will be possible to take up construction at these centres. The main difficulty in this direction had been the lack of adequate utilization of available capacity leading to steady losses and consequent paucity of funds for new constructions. The situation is improving and the Central Warehousing Corporation hope to put up more warehouses in the coming years.*

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 2)

The Committee are unhappy to note that the undertaking regarding addition of storage capacity given to their predecessor Committee remains un-fulfilled and the targets fixed for the Third Five Year Plan are still to be achieved. The obvious lesson is that future targets should be more realistically framed and every effort made to achieve them. (Paragraph 18)

* At the time of factual verification, the C.W.C. gave the following further information :—

"On availability of suitable hired accommodation, a warehouse has since been started in Muzaffarnagar."

Reply of Government

The main difficulties with the Central Warehousing Corporation to expand their constructed capacity have been partly due to delay in acquisition of land followed by the ban imposed by the Central Government in October, 1965 on new constructions. The suggestion is, however, noted for future guidance.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 3)

The Committee trust that as a result of the steps taken by the Corporation to overcome the setbacks in business during 1963-64 and 1964-65, the occupancy ratio of the warehouses will be maintained at a higher level in future. (Paragraph 22)

Reply of Government

The occupancy of the Central Warehouses is being maintained at a high level. It stood at 80% at the end of 1967-68 and has increased to 98% at the end of June, 1968.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 5)

Although a period of 7 years has elapsed since suggestions for opening of warehouses at certain centres in some Union Territories were made no concrete steps have been taken in the matter. Such inordinate delays reflect adversely on the efficiency of the Corporation. The Committee recommend that the Corporation should undertake a review of all the above mentioned centres suggested by various authorities and take steps to open warehouses there, if considered economically viable. (Paragraph 35)

Reply of Government

The Central Warehousing Corporation are taking steps to re-assess the economic viability of setting up of Warehouses in the Union Territories.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 6)

According to the present proposals of the Corporation only 14 new warehouses are to be opened during the next five years while existing 50 warehouses using hired accommodation are to be moved into their own buildings which will be constructed during this period. Thus there would be only 14 centres at which addition to the storage capacity of the Corporation will be made. This target is very low considering that several more viable centres exist. (Paragraph 46)

Reply of Government

The programme of construction of godowns and warehouses for the Fourth Five Year Plan has been recently reviewed by the Department of

Food, the Department of Agriculture, the Food Corporation of India and the Central Warehousing Corporation. According to the new programme the constructed storage capacity will be 8.7 lakh tonnes at 95 centres (including construction of 4.87 lakh tonnes under the Crash Programme) as against 3.69 lakh tonnes originally planned.*

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 6)

Since the return on investment on constructed warehouses is going to be low and also the fact that losses have been incurred in the operation of a large number of warehouses in the past, the Committee suggest that the programme of construction of warehouses should be taken up in a phased way after examining thoroughly the business potential at each centre so that warehouses may not have to be closed down in future due to low occupancy. In view of this the Corporation should concentrate more on opening of new centres where accommodation is hired in the first instance. (Paragraph 47)

Reply of Government

It has been the policy of the Central Warehousing Corporation to open new warehouses in hired godowns only, especially at centres where large scale storage potential is not firmly indicated. Construction is undertaken at such centres after the storage potential justifies construction. Although such a process has, to some extent, set a limit to rapid expansion of warehousing capacity, it has to be pursued, as rightly suggested by the Committee, in order to ensure a fair return from investments on construction.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 7)

The Committee regret to note that while there is not much difference in capacities of the warehouses, the time taken in completion of construction ranges from 1 year 4 months to over 6 years. The reply of the Corporation that the delay in construction was due to the C.P.W.D. who have their own time schedule for execution of works reflects no credit to the Corporation nor on the construction agency. The time taken in the construction of a large number of warehouses is unduly long. Such delays hamper the business of the Corporation. Before construction is taken up target dates should be laid down for completion and adhered to. (Paragraph No. 51)

* At the time of factual verification, the C.W.C. gave the following further information :—

"The Government of India have since decided to take up additional constructions under second and third crash programmes. The C.W.C. has been allotted a construction of 40,000 tonnes in the second crash and 73,500 tonnes in the third crash. In addition, transit storage of 40,000 tonnes has also been allotted for construction in the States of Haryana, Punjab, Rajasthan, Uttar Pradesh and the Union Territory of Delhi to the Central Warehousing Corporation to meet the emergency storage required for bumper crops in these States. The target of 8.7 lakh tonnes at the end of Fourth Five Year Plan may thus be revised to 9.45 lakh tonnes after taking into account the above programme."

Reply of Government

In future target will be laid down as recommended before actual construction is taken up and every effort will be made to ensure that the target dates are adhered to.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 8)

The Committee are surprised to note that even after a period of 11 years of its establishment, the Corporation has not been able to set up a general Warehouse in Bombay, where business potential was assured. The Committee recommend that the Corporation should hire, purchase or construct godowns in suitable centres in the Bombay City for the purpose of opening general warehouses. They should not depend only upon the continuity of otherwise of rationing in Bombay which, being done on an agency basis, stands on a different footing than commercial warehousing facility to be provided for the traders and producers. (Paragraph 58)

Reply of Government

The Corporation has since carried out an intensive survey of storage accommodation in Bombay. As a result, two suitable buildings have been located for hiring. Negotiations with the owners are in progress. The Corporation hopes to set up a general warehouse in Bombay in one of these buildings during the currently financial year.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 9)

The opening of cold storages in the public sector should be regarded as an important part of development of warehousing facilities in the country. The business potential of the various centres should be examined and cold storages opened wherever adequate facilities do not exist. (Paragraph 61)

Reply of Government

Government accept this recommendation. The Department of Agriculture have already asked the National Seeds Corporation to establish Cold Storage facilities for proper storage of foundation seeds.

The Central Warehousing Corporation has taken up the examination of business potential of some more centres where adequate cold storage facilities do not exist. Construction of cold Storages where viable units can be put up will be taken up if funds for construction are made available. The Central Warehousing Corporation do not favour taking up such construction as a promotional activity, unless Government subsidise construction as well as losses, if any.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 10)

During the last few years, the Corporation has closed fifteen warehouses. The number of warehouses closed during the last few years would indicate that the surveys conducted by the Corporation were not very realistic. A closure not only entails certain infructuous expenditure but is also a setback to the reputation of the Corporation. The Committee recommend that the setting up of a warehouse at a particular centre should be preceded by a critical examination of the possibility of the centre and it should not merely be taken up because it has been recommended by some authority or society. In case a warehouse is opened at the behest of some authority a guarantee in writing against losses should be obtained before undertaking the venture. (Paragraph 66).

Reply of Government

The Central Warehousing Corporation have noted the recommendations of the Committee for guidance in future while opening new centres. In the case of warehouses being opened for the requirement of any particular depositor, the system of obtaining a guarantee in writing has also been adopted. Such guarantees have been obtained in the case of warehouses opened in Calcutta for the Food Corporation of India and in the case of management of a warehouse for the Department of Agriculture.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 14)

Considering all aspects of the matter the Committee are of the view that the abolition of the Central Warehousing Corporation and distribution of its functions between the State Warehousing Corporations, National Co-operative Development Corporation, and the Food Corporation of India are not likely to serve the purpose of developing warehousing facilities in the country. It will be seen from para 111 that till 1964-65, all the State Warehousing Corporations, barring the Punjab had shown substantial losses. The progress of business of these Corporations since their inception has also been poor. (Paragraph 103)*

Reply of Government

The Central Warehousing Corporation have started making profits. In 1966-67 they made a nominal profit of Rs. 1.35 lakhs while in 1967-68 they are expected to make a profit of about Rs. 5 lakhs. Thus, the period of losses would appear to be over and the Corporation is on the road to recovery.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

* At the time of factual verification, the C.W.C. gave the following further information :—

"The net profit of the Central Warehousing Corporation during the year 1967-68 has been Rs. 13.65 lakhs."

Recommendation (Serial No. 14)

In view of this background, it is unlikely that the State Warehousing Corporations would be able to take over the Central Warehouses and operate them efficiently. Taking over of some of the functions of the Central Warehousing Corporation by the National Co-operative Development Corporation or Food Corporation of India is also not likely to result in fulfilling the aim of providing credit to agriculturists, traders etc. against warehouse receipts. The Committee feel that there is need to develop warehousing schemes by increasing the scope of operations of the Central Warehousing Corporation and by centralisation of operations in the country. (Paragraph 104)

Reply of Government

The recent gains made by the Central Warehousing Corporation along with prospects of increasing occupancy of the general warehouses has changed the position substantially. Therefore, Government agree with the recommendation that the Central Warehousing Corporation should continue in its present form.

The question of centralisation of operations has already been dealt with and reply offered against Serial No. 12 will cover it.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 15)

The Committee have no doubt that the State Warehousing Corporations have an important role to play in the development of warehousing in the country. However, the continual losses incurred by almost all of them year after year call for greater control over the working of these Corporations. (Paragraph 115)

Reply of Government

It was agreed in the recent Conference of Chairmen and Managing Directors of all Warehousing Corporations held on the 28th and 29th May, 1968 that, in the interest of State Warehousing Corporations, it was necessary to observe strict economy, specially in head office expenditure. In the field also, detailed market surveys for judging the business potential and availability of minimum required capacity to run a viable unit should be conducted by senior officers before opening a centre. In case of centres run in hired accommodation, which are proved to be uneconomic for a period of three years from the end of the year in which the centre was opened, the advisability of closing down such centre must be considered.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 15)

The Committee find that under the Warehousing Corporations Act, 1962 sufficient powers have been given to the Central Warehousing Corporation for looking into the progress of the State Warehousing Corporations. However, it appears that beyond subscribing to the share capital of the S.W.Cs., it has not effectively contributed towards improvement in the

working of the State Warehousing Corporations. The losses by the S.W.Cs., are indirectly reflected in the accounts of the Central Warehousing Corporation on account of the latter's investment in the shares of the former. The Central Warehousing Corporation should, therefore, exercise greater supervision on their working directly or through its nominees on the Board of Directors of the State Corporations. Besides, only such persons as are able to devote sufficient attention to the work of a State Warehousing Corporation should be nominated on the Board of Directors of a State Warehousing Corporation. The Central Warehousing Corporation should also be more vigilant while approving the appointments of Chairman and Managing Directors of the State Warehousing Corporations. (Paragraph 116)

Reply of Government

The Central Warehousing Corporation will keep in view the recommendations of the Committee in regard to appointment of Chairmen and Managing Directors and nominees of Central Warehousing Corporation on the Boards of State Warehousing Corporations.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 15)

The performance of the State Warehousing Corporations has not been encouraging. The Committee hope that these Corporations would take energetic steps to spread warehousing in markets of local importance in their respective States. (Paragraph 117).

Reply of Government

The recommendations of the Committee have been brought to the notice of the State Warehousing Corporations. The Central Warehousing Corporation will again emphasize this when conveying approval to the Revised Estimates 1968-69 and Budget Estimates 1969-70 of the State Warehousing Corporations.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 17)

The Committee feel that there is hardly any justification in accumulation of funds with the State Warehousing Corporations, when these are actually not required by them. In the absence of any phased programme of warehousing activity, the capital provided to these Corporations would find its way to the banks or get invested on long term basis in the State Government schemes. Moreover, since most of the State Corporations are running at a loss, the Central Warehousing Corporation does not get any return on its investment although it is required to pay guaranteed dividend to the Central Government.

The Committee would, therefore, recommend that the Corporation should review the procedure regarding subscribing towards the share capital of the State Warehousing Corporations with a view to releasing the same according to actual requirements. (Paragraphs 124 & 125)

Reply of Government

The Central Warehousing Corporation has noted the recommendation of the Committee and further issue of share capital to the State Warehousing Corporations will be allowed only if a case is properly established about the need for additional funds.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 21)

The Committee feel that there is no reason why an exception should be made in the case of the Central Warehousing Corporation. Under the present arrangement neither the Corporation can take independent decisions on matters coming within its purview nor the Secretary of the Ministry can take an objective view of the proposals emanating from the Corporation. In the opinion of the Committee, the purpose of associating the Food Secretary in the Corporation for bringing about coordination between the various agencies engaged on storage work, namely, the Department of Food and Food Corporation of India has not been achieved to any perceptible extent. The Committee recommend that the practice of appointing the Secretary as the Chairman of the Corporation should be discontinued. They also suggest that the desirability of combining the posts of Chairman and Managing Director, as recommended by the Estimates Committee in their 52nd Report on Personnel Policies of Public Undertakings (Para 12), should be examined. (Paragraph 158).

Reply of Government

Govt. accept the recommendation that the practice of appointing the Food Secretary as the Chairman of the C.W.C. should be discontinued.

Recommendation (Serial No. 22)

The Managing Director of the Corporation is working part time since April, 1966. The Committee hope that a full time Managing Director would be appointed without further delay. (Paragraph 161)

Reply of Government

A full time Managing Director has already been appointed with effect from the 4th March 1968.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 23)

The continuation of a retired person for over six years as Financial Adviser of the Corporation should be reviewed. (Paragraph 164).

Reply of Government

A new Financial Adviser, who is a serving officer in the Indian Defence Accounts Service, has been appointed from the 24th June, 1968.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 24)

It appears to the Committee that the Officers and staff of the Corporation at the various centres have not shown initiative in calling meetings of the Advisory Committees periodically. This in fact, may be one of the reasons why the Corporation has not succeeded in enlisting the support of the traders and producers in matter of utilisation of warehousing facilities in a greater measure. The Committee suggest that the Corporation should devise measures to activate these Advisory Committees and also enlist their support in publicising the warehousing scheme and making it more widely known in their respective areas. (Paragraph 169).

Reply of Government

The Central Warehousing Corporation has been making every effort to have meetings of the Advisory Committees and to enlist their support for the furtherance of business at warehouses. Their recommendations have been found to be repetitive and mainly related to three topics, namely, putting up additional constructions, liberalisation of credit curbs and allowing rebates on storage charges. Attempt will however be made to further activate these committees and to implement the recommendation.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 27)

It is however, seen that warehousing has not been included as a subject in any University Curricula. The Committee are of the view that Warehousing should be included as an essential and integral part of the study in Agricultural Colleges. They suggest that the matter should be taken up with the University authorities. (Paragraph 178).

Reply of Government

This has been brought to the notice of the Ministry of Education and Agriculture Department who have stated that the matter is being placed before the University Grants Commission and the Standing Committee for Agricultural Education of Indian Council of Agricultural Research. They are being requested to intimate their reply to the Lok Sabha Secretariat direct.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Further Reply of Government

The above recommendation of the Committee on Public Undertakings for the inclusion of Warehousing in the curricula at Agricultural Colleges was considered by the Standing Committee for Agriculture Education at its meeting held in August, 1968. The Standing Committee accepted the recommendations and suggested that storage may also be added along with Warehousing as an essential and integral part of the Study in Agricultural Colleges.

[Indian Council of Agricultural Research, Krishi Bhavan, O.M. No. 29(5)/68-Edn. II, dated the 7-11-1968].

Recommendation (Serial No. 27)

The Committee also recommend that the Corporation should make suitable arrangements at the Headquarters to keep abreast of the developments in warehousing techniques that are taking place in the more advanced countries. These new techniques should be brought to the notice of the heads of Branch and Zonal Offices and the State Warehousing Corporations for application. The field staff could also report their difficulties and experiences to the headquarters for guidance. Besides, refresher courses should be given to persons who have once been trained after regular intervals so that knowledge of latest advanced techniques can be imparted to them. (Paragraph 179).

Reply of Government

The Central Warehousing Corporation have been collecting information on warehousing techniques from advanced countries. Some of these techniques have actually been put into practice also after suitable modification where necessary. They are also arranging refresher courses for previously trained staff and are preparing a scheme for imparting such training at regular intervals.

[Ministry of Food & Agriculture, C.D & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 28)

Judging from the enormity of loss of foodgrains on account of rats and pests in the country, the Committee feel that while the Central Warehousing Corporation should continue its efforts in this direction the Government might examine the feasibility of setting up of a Central Agency on the pattern of National Malaria Eradication Scheme for destruction of rodents, rats and other pests and carrying out disinfestation and fumigation service on an all India basis. (Paragraph 185).

Reply of Government

As far as the Central Warehousing Corporation is concerned, disinfestation and fumigation are now one of their functions and the Central Warehousing Corporation have already introduced the Disinfestation Extension Scheme at all the Centres. A copy of the Gazette Notification empowering them to do so is enclosed (Appendix—I). The State Warehousing Corporations also are taking similar action.

A similar recommendation made by the National Rodent Committee is still under examination with the Government. The consensus, however, is that malaria eradication and destruction of rodents, insects, etc., call for completely different techniques. Food Department has already initiated schemes for training operators and popularising measures for rodent and insect control in the States of Uttar Pradesh and Andhra Pradesh. Schemes for the States of Punjab, Bihar, Madhya Pradesh and Maharashtra are under consideration. In addition, a network of pest control agencies has been created in the private sector for carrying out disinfestation and fumigation services all over the country.

[Ministry of Food & Agriculture, C.D & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 29)

The Committee consider it unfortunate that a fraud involving issue of receipts with incorrect details and of the value of about Rs. 4 lakhs was committed at one of the warehouses of the Corporation. Such incidents tend to lower the reputation of the Corporation. Besides they are a pointer to lacunae in the procedural checks and control existing in the organisation. The Committee hope that with the setting up of the Zonal Offices in 1967, inspection of warehouses would be undertaken more often so that recurrence of such incidents is eliminated. (Paragraph 191).

Reply of Government

Detailed procedures for tightening the Inspection Services have been laid down and more frequent, strict and surprise inspections are being undertaken to eliminate possibilities of recurrence of frauds as far as possible. A copy of the circular issued by the Central Warehousing Corporation in this behalf is enclosed. (Appendix—II).

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 30)

The Committee hope that the Corporation will streamline the vigilance organisation at the Zonal Offices to check malpractices at the Warehouses. (Paragraph 194).

Reply of Government

This has been done and now the Zonal Officers carry out detailed intensive and surprise checks. Officers from the Headquarters are also sent to do so whenever considered necessary.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 31)

An important point which engaged the attention of the Committee during the course of examination was the future of the Corporation, which had been under review since 1965. The Committee have considered this issue at length in the light of material placed before them and *have come to the conclusion* that the proposal to abolish this Corporation and distribute its functions between the State Warehousing Corporations, National Co-operative Development Corporation and the Food Corporation of India *are not likely to serve* the purpose of developing warehousing scheme in the country. Indeed, there is a need to develop warehousing scheme by increasing the scope of operations of the Central Warehousing Corporation and centralisation of warehousing operations in the country which are at present being carried out by different agencies. One of the reasons which weighed with the Committee in arriving at this conclusion had been the fact that the present age is of specialisation and division of labour and whatever the resources any agency might command it cannot undertake all the required operations. It has to depend for certain services on other agencies. It is, therefore, imperative that storage is recognised as a specialised function and handled by one agency.

In regard to actual operations of the Corporation, the Committee after a study of its working feel that its performance leaves much to be desired. It has not only made slow progress and sustained losses, but has also taken too long a period to become commercially viable. There is thus considerable scope for improvement. (Paragraphs 196-197).

Reply of Government

This recommendation is accepted by Government and it has been decided that the C.W.C. would continue in its present form.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

CHAPTER III

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

Recommendation (Serial No. 4)

The percentage of deposits from Producers had gone down from 16 per cent in 1962-63 to 5 per cent in 1966-67. The facilities provided by the Central Warehousing Corporation appear to have been availed of mainly by the merchants. It is the farmer/producer who needs warehousing facilities in a greater measure and needs to be protected against distress selling of the stocks or from exploitation by middlemen. The Committee are of the view that further efforts are needed to attract deposits from producers and cooperatives for whose benefits these facilities were originally contemplated. (Paragraph 30).

Reply of Government

The Corporation has made persistent efforts, including village to village publicity, to attract producers for storage at warehouses. A rebate of 5% to *bona fide* producers and 10% to Co-operatives is allowed in the storage charges. As a result of these efforts, the percentage of deposits from producers has shown an increase as indicated below:—

	Percentage of deposits		Stocks held (in tonnes)	
	1966-67	1967-68	1966-67	1967-68
Producers	5	6	4,176	5,152
Co-operatives	30	50	27,150	43,942

The Corporation cannot, however, assist the producer in marketing his goods or in arranging temporary credit so that the producer can get a discharge of his Warehouse Receipt before sale of goods. These functions are to be carried out by a marketing agent whose role should be increasingly taken over by the Co-operative Marketing Societies.

The Warehousing Corporation cannot play any vital role in attracting the producer to come direct to the Warehouses, except the large-sized producers who alone are given direct credit facilities by the scheduled banks. As a measure of price support, Central/State Governments and the Food Corporation of India have embarked on large scale procurement of food-grains and the producers have very little incentive to come to warehouses. The Central Warehousing Corporation has recently introduced extension of scientific storage facilities at the farms and mandi levels even in private godowns of the farmers and others on payment of cost so that the wastage is avoided and the role of the warehouses is made more broad-based.

[Ministry of Food & Agriculture, C.D & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 7)

The Committee understand that National Buildings Construction Corporation go in for open tendering and the information with the Corpora-

tion is not upto date. Therefore, before taking up new construction, the Corporation should send tender notices to N.B.C.C. and other parties. (Paragraph 53).

Reply of Government

The construction works of the Central Warehousing Corporation are executed by the Central Public Works Department who issue tender notices. The National Building Construction Corporation can respond to such tenders as a contractor, if it so desires.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 11)

The Committee are of the view that godowns should not be set up by a multiplicity of agencies like the Central Warehousing Corporation, the Central/State Governments and any other public undertaking at the same centre. Unless there is one agency handling the work for all the organisations the average occupancy of warehouses constructed from public funds or hired for public purposes cannot be maintained at a high level. Secondly, the overhead costs, particularly for establishment and inspection, in the operation of multiple agencies for storage at a centre will be higher. Thirdly, the cost of maintenance of fumigation and other services in such warehouses will be high because each agency will have to keep the required equipment and staff for such services. The operation of warehouses at the same centre by different Government agencies is, therefore, uneconomical. It is also desirable that Government Departments/Public Undertakings should increasingly patronize the Central Warehousing Corporation for their storage.

The Committee recommend that at places where the Corporation has warehouses, no new ones should be constructed or hired by the Central Government or Food Corporation of India or any public sector organisation unless this becomes necessary due to the inability of the Central Warehousing Corporation to cater to their needs. The question of entrusting the storage of Government Departments/Food Corporation of India to the Central Warehousing Corporation at places where multiple Government storage agencies are functioning also needs to be examined. For the warehouses to be set up in future, the storage requirements of Government Departments etc. should be communicated to the Central Warehousing Corporation, who should take necessary steps to construct or hire warehouses. The Committee hope that the State Governments would also co-operate by entrusting their storage work to the Warehousing Corporations. Since the Central Warehousing Corporation subscribes fifty per cent of the share capital of the State Warehousing Corporation and also the fact that a State Warehousing Corporation cannot acquire or build godowns and warehouses without the approval of the Central Warehousing Corporation, it should not be difficult to make the State Warehousing Corporations fall in line in the interest of efficiency and economy. (Paragraphs 72-73).

Reply of Government

Government agree with the assumption of the Committee that the operation of warehouses at the same centres by different Government agen-

cies is uneconomical. It will, however, be difficult to agree with these recommendations for the following reasons :—

- (a) The Warehousing Corporations have been set up with a defined set of functions. They are expected mainly to help the producers to store their foodgrains under scientific conditions as also to provide easy means of credit to them. The work in this regard has not picked up fully upto now. The Committee has also recommended in para 30 of the Report that further efforts are needed to attract deposits from producers and cooperatives for whose benefit the facilities were originally contemplated. This purpose will definitely be defeated if the Warehousing Corporations were to handle the entire foodgrains trade in the public sector.
- (b) The Warehousing Corporations are yet to achieve their main purpose. Concerted work is required in the direction of popularising warehousing practices and making their advantages felt in the rural areas. There is as yet large scope in the expansion of the activities of the Warehousing Corporations to meet the requirements of storage space, fertilisers and commercial crops like potatoes. The implementation of these recommendations will detract the Warehousing Corporations from this legitimate function set before them.
- (c) The operations of foodgrains trade in the public sector are gradually being passed on to the Food Corporation of India as far as the Central Government are concerned. Storage of such foodgrains is a legitimate function of the Food Corporation of India. The Food Corporation of India are involved in the tasks of procurement of foodgrains as also their distribution to the State Governments and other agencies. If the storage is totally removed from their jurisdiction, the two functions will fall apart and it will be difficult for them to achieve either flexibility or efficiency in the entire operations. On the other hand, if the Warehousing Corporations were given this gigantic task of handling the entire foodgrains trade of about 11 million tonnes or above per year, they will have to build an unwieldy organisation to manage the work which may not lead to equivalent reduction in the staffing of the Food Corporation of India. The Food Corporation of India will require a Technical Organisation for inspection of stocks at the time of procurement as also during storage. The economy may not, therefore, be significant to compensate for the loss in the flexibility of operations.

2. It will, therefore, appear that the centralisation of storage work in the Warehousing Corporations will not be a practical proposition. There will, instead, be need for complete coordination in the construction of storage godowns and in the operation of the same at particular centres. This question has been fully gone into and in May, 1966, a Central Storage Committee was constituted at the Centre with Director General of Food as Chairman, Managing Directors of the Food Corporation of India and the Central Warehousing Corporation and Secretary of the National Co-operative Development Corporation as Members to coordinate the con-

struction as also utilisation of available storage space. The States were also requested to set up similar committees with a representative from the Central Warehousing Corporation so as to have a full liaison with the Central Committee. The Central Storage Committee has been functioning and duplication of efforts in construction has been avoided. Efforts are being made to active the State level committees also.

3. Government also agree to the view that the available warehousing facility of the Warehousing Corporations should be availed of by the Public Sector Undertakings without any detriment to the main purposes of the Warehousing Corporations. Therefore, the policy adopted at present to utilise the space of the Warehousing Corporations by the Food Department, Food Corporation of India as also the State Governments should continue on with the clear understanding that the quantum of utilisation of space should be gradually reduced as the Warehousing Corporations require more space for use by the legitimate beneficiaries under the Warehousing Corporations Act.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 12)

Since the occupancy of the warehouses under the crash programme is low, other sources of income, besides foodgrains, will have to be tapped to make them viable. No particular effort seems to have been made in that direction, perhaps due to the reasons that the question of their ownership was left open for two years or because the Corporation desires to be paid on the basis of 100 per cent occupancy. The Committee feel that the ownership of all the warehouses owned or financed by the Central Government should be with one body *i.e.* Central Warehousing Corporation which should work on commercial basis. (Paragraph 83).

Reply of Government

It has been decided that C.W.C. will own the godowns in the States of Andhra Pradesh & Madras and work them on existing pattern till 31-3-1969. The final decision will be taken after complete economics for 2.78 lakh tonnes godowns in Andhra Pradesh has been worked out.

It may, however, be added that the Food Department and the Food Corporation of India have to maintain huge stocks of foodgrains and the storage space available with them is much larger than that available with the Central Warehousing Corporation. Transferring all the godowns with the Food Department and Corporation of India to the Central Warehousing Corporation would mean bringing in an intermediary and which may not also be desirable from the administrative point of view. This would also turn the Central Warehousing Corporation into a storage agent mainly on behalf of the Food Department and the Food Corporation of India thus defeating the very object for which the Central Warehousing Corporation was set up. The Warehousing Corporation Act has prescribed certain specific functions of the Central Warehousing Corporation and these would not appear to envisage the Central Warehousing Corporation acting merely as the storage agent of the Food Department and the Food Corporation of India.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 13)

When the question of setting up of the Food Corporation of India was under consideration in Parliament, the Minister-in-charge had stated that the F.C.I. would be expected to fully utilise the facilities of Central and State Warehousing Corporations. The Committee therefore feel that in the interest of overall national economy, utmost co-operation between the two Corporations is called for.

They have recommended in para 72 that with a view to avoid multiplicity of storage agencies, the storage work should be handled by one specialised agency.

The Committee are of the view that storage of foodgrains by the Central Warehousing Corporation can be expected to have the following advantages :—

- (i) The average occupancy of the warehouses of the Central Government and the Food Corporation of India is stated to have been below 40 per cent during the last year. The changes in procurement policy of the Government and the fluctuating agricultural situation in the country do not admit of any guarantee for the continual minimum occupancy for all times. If the warehouses are operated by the Central Warehousing Corporation, it would be possible to store commodities on behalf of State Governments, other Public Sector Undertakings, large producers etc. Central Warehousing Corporation's cost of storage will thus be lower, while on the other hand the Central Government/Food Corporation of India etc. will be paying for the space actually used by them.
- (ii) If the procurement, storage and distribution is done by the same agency, it may not be possible to exercise adequate check to ensure whether the foodgrains brought for storage are of the standard quality or that they have not deteriorated during storage or that infested grains are not issued for consumption.
- (iii) Storage of foodgrains under Departmental management, as in the case of Central Government warehouses, may be a burden on the public exchequer while the Central Warehousing Corporation or any other agency would have to work on commercial basis and give good return.
- (iv) Scientific storage by independent agencies, namely, the Central Government, the Food Corporation of India and the Central Warehousing Corporation will add to expense as it would lead to triplication of material and services.

The Food Corporation of India should be asked to work out its cost of storage and if it is found to be higher than the cost at which the Central Warehousing Corporation is operating, there is no reason why the storage work should not be entrusted to the Central Warehousing Corporation.

This will also result in reduction of the storage charges of the Central Warehousing Corporation. The Committee have no doubt that entrusting of storage work to one agency would result in overall efficiency and economy. (Paragraphs 92-95)

Reply of Government

Replies to paras 72, 73 & 83 apply to this para also. The position on the specific points is as follows :

- (i) The vacancy is related to the stocks with the Government, including the Food Corporation of India. The godowns of the Food Department/Food Corporation of India are generally meant to hold the buffer or pipe-line stocks. The occupancy has been good this year. Their transfer to the Central Warehousing Corporation would not alter the position as the occupancy of the Central Warehousing Corporation godowns has also been poor all these years and the increased occupancy is on account of public stocks also. The past two years were abnormal as, on account of serious scarcity conditions, most of the godowns in the country had little stock to hold and the occupancy was consequently very low. With the progressive building up of a sizeable buffer stock, the entire position is now undergoing a complete change.
- (ii) There are chances of duplication in case of two agencies. The agency of procurement has in any case got to maintain an organisation to certify quality for purchase and payments. They will also have to satisfy themselves about the quality of stocks in storage before issue as the Central Warehousing Corporation will only be an agent. The advantages if any will, therefore, be marginal.
- (iii) The Food Department have already transferred most of its godowns to the Food Corporation of India. The remaining ones will also go to them. The Food Corporation of India is also operating on commercial lines. This consideration will not be material in the coming years.
- (iv) This point has already been covered.

This has been covered generally by our reply to Recommendation No. 11. The Food Corporation of India have been doing a constant review of economics of holdings stocks—both for commercial operations as also buffer stock operations. The Food Corporation of India have, therefore, to take a total view of the entire operations and storage of their stocks will be essential for them.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 16)

The Committee feel that when the Warehousing Corporations Act, 1962 envisaged share of equity capital in equal proportion between the State Government and the Central Warehousing Corporation, the State Governments should be able to provide funds from their own resources instead of taking loans from the Central Warehousing Corporation. In the view of the Committee, except in exceptional cases, the Central Warehousing Corporation should not be normally required to advance loans to State Governments for the purpose of investing in the State Warehousing Corporation so that the Central Warehousing Corporation is not put to this additional financial burden. The Committee hope that the Central Warehousing Corporation will

keep this in view while considering future requests for loans from the State Governments. (Paragraph 119).

Reply of Government

Under the Warehousing Corporations Act, 1962, the share capital of a State Warehousing Corporation has to be contributed equally by the Central Warehousing Corporation and the State Govt. concerned. Since some of the State Govts. were finding it difficult to subscribe to the share capital of S.W.Cs., the former National Cooperative and Warehousing Board decided to provide loan assistance to the extent of 50 per cent of the share capital contribution to be made by them from a special fund known as the "Warehousing Fund", maintained by the Board. Monies required for the operation of the Fund were made available by the Central Govt. as grants. Consequent on the enactment of a separate Act for the Warehousing Corporations in 1962, that part of the Warehousing Fund relating to State Warehousing Corporations was transferred to the C.W.C. in 1963 and the C.W.C. also has been following the procedure adopted by the erstwhile Board of providing loan assistance to State Govts. In any case, as the money required for financing this Fund has been made available by the Central Govt. separately, the loan assistance to State Governments, does not throw any burden on the finances of the C.W.C. It may also be mentioned that the Warehousing Fund can be utilised only for the purposes specified in the Act. As such, the amount standing to the credit of the Fund cannot be utilised by the C.W.C. for its own purposes.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 18)

The Committee feel that with the present un-economic scale of operations of the Central Warehousing Corporation coupled with its responsibility to subscribe to the share capital of the State Warehousing Corporations, without any expectations of satisfactory return from them, the Central Warehousing Corporation may not be able to reach break even stage in the foreseeable future. There are obvious limits to earnings from storage charges because of competition from private storage agencies. It follows that if the Corporation is to make profits or pay dividends envisaged in the Act, its operations would have to be broadbased so that with a large turnover the element of profit also increases. The Committee hope that with the increase in its business and avoidance of unnecessary duplication of warehouses by multiple governmental agencies as recommended by them, this would be achieved. (Paragraph 138)

Reply of Government

The comments given against paras 72, 73 & 83 may kindly be seen in this connection.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 19)

The Committee feel that a credit limit of 30 days or a maximum of 45 days whichever is considered proper, should be fixed for all the Government Departments, Public Undertakings and cooperative societies. All outstand-

ings beyond this period should carry interest at the Bank Rate. The Committee are of the view that charging of interest will make the defaulting department more vigilant in making payments promptly. In cases where delays take place on account of disputed bills, the Storage and Inspection Officers might be entrusted with the job of chasing claims in areas within their jurisdiction. (Paragraph 143)

Reply of Government

The position of the outstandings due as on 31-3-1967 shown in the Report of the Committee on Public Undertakings in paragraph 139 and as on 30-6-1968 is as under :—

	<u>As on 31-3-67</u>	<u>As on 30-6-68.</u>
1. Govt. Deptts (Including Govt. Undertakings & Commercial concerns.)	Rs. 54,04,450/50	Rs. 15,79,850/00
2. Cooperative Societies	Rs. 35,846/79	Rs. 10,247/73
3. Private organisations.	—	—
	<u>Rs. 54,40,297/29</u>	<u>Rs. 15,90,097/73</u>

The outstandings were mainly against Food Corporation of India, the Civil Supplies Department, Madras and the Government of West Bengal. While the bills were held up with the FCI, due to non-settlement of dates of guarantee, the bills were pending with the Civil Supplies Department, Madras due to non-settlement of the mode of billing. In so far as the FCI is concerned, the guarantee has since been accepted and payments are now being received regularly. The outstanding debt of Rs. 4.85 lakhs against Government of West Bengal has also been realised. The matter regarding settlement of the mode of billing is being pursued with the Civil Supplies Department, Government of Madras.

As regards the recommendation made by the Committee that a credit limit of 30 days or maximum of 45 days should be fixed for all Government Departments/Public Undertakings and Co-operative Societies and that all outstandings beyond this period should carry interest at the bank rate, it is submitted that this suggestion is generally not finding favour with the depositors of C.W.C. since quite a large amount of its custom is from the Government Departments, the Food Corporation of India and other Public Sector Undertakings, State Governments etc. only to whom credit facilities are allowed. Charging of interest by the Corporation on all outstandings beyond a permissible limit of 45 days is not likely to be accepted by them. However, the matter has been pursued with the various agencies for expediting dues, and most of the agencies to whom the credit facilities have been extended, have been agreeing to pay 90 per cent of the Bills within ten days of the presentation and balance on final acceptance of terms and detailed scrutiny of bills. This arrangement is considered to be satisfactory for the present, and will be reviewed, if it becomes necessary, in the light of the Committee's recommendation.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 20)

The Committee hope that while reviewing its credit policy, Government and the Reserve Bank of India would give due consideration to the suggestions of the Corporation for relaxation of credit curbs, for liberalisation of limits on advances and for provision of credit at lower rates of interest against warehouse receipts. (Paragraph 150)

Reply of Government

The comments of the Ministry of Finance (Department of Economic Affairs) are as under :—

“We feel that any outright exemption of advances against warehouse receipts from overall ceiling restrictions may weaken selective credit controls which are designed to limit the use of bank credit for stocking of certain commodities, particularly by traders. By and large, however, advances against warehouse receipts are treated more favourably than other advances. To encourage banks to shift the distribution of credit in favour of warehouse receipts, separate or secondary ceilings for these are fixed at levels higher than for other advances. In addition, whenever individual cases of hardship are referred to us, we give additional limits for warehouse advances.

Advances against warehouse receipts covering paddy and rice and ‘other foodgrains’ issued by the Warehouses of the Central and State Warehousing Corporations established after the 1st January, 1961, and those established before the 1st January, 1961, but which have increased since that date their warehousing capacity by 100 per cent or more, are exempt from ceiling restrictions. In the case of advances against wheat, warehouses are now completely exempt from ceiling restrictions. Further in respect of advances against oilseeds, separate ceilings are fixed with a view to preventing banks from utilising such ceilings for advances other than those against warehouse receipts. We may add that concessional margins have been prescribed for advances against warehouse receipts in the case of most of the commodities subject to selective controls.

We do not think it is advisable to have a preferential rate of interest for advances against warehouse receipts or discount such bills of advances at lower rates.

It may be added that a committee consisting of the M.D. and other officials of C.W.C. and the Chairmen and M.Ds. of some of the S.W.Cs. recently met the Deputy Governors and other officials of the Reserve Bank of India. It is hoped that at least some of the recommendations of the Warehousing Corporations for relaxing the credit curbs will be accepted.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 21)

The Committee are also not much impressed with the suggestion that Food Secretary should be associated with the Corporation till it is able to stand on its own legs. The Food Secretary has been Chairman of the Corporation since its inception i.e. 12 years. It is a time long enough for Food Secretary to have put the Corporation on its legs. (Paragraph 159)

Reply of Government

As regards combining the posts of Chairman and Managing Director, Government feel that it would be advantageous to have a part time Chairman, in addition to the Managing Director, as such an arrangement would enable an objective assessment of business before the C.W.C. to be made.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 25)

The Committee feel that there may be some justification for taking persons of higher age in view of the qualifications and experience required for such posts. Put to keep the minimum age at the present level would mean depriving the younger persons with initiative and drive from entering the service of the Corporation. The fixation of minimum age so high also deprives the Corporation of training and moulding young men to suit its own particular requirements and method of working. The Committee suggest that the desirability of reducing the minimum age limit should be examined. (Paragraph 172)

Reply of Government

Out of five categories of posts mentioned in para 170, so far as the first four are concerned, the age limits as prescribed had been considered by the Ministry of Home Affairs and no objection was raised. As regards Assistant Engineer and Section Officers, the Corporation is not undertaking its own construction but getting the work done through the Central Public Works Department. As such there is no scope for promotion for an Assistant Engineer or a Section Officer in the Corporation. Secondly the number of posts being very limited, it would not be possible for the Corporation to employ raw young men and then to train them.

As regards the posts of Accountants, the minimum age limit is 30 years and not 35 years as mentioned in para 170. In view of the important nature of the work in Accounts Section it has been considered advisable to keep the Minimum age at 30 years so that young persons with sufficient experience would be available.

So far as the Publicity Officer is concerned the post has not so far been filled up. If and when any decision is taken to have a separate Publicity Department, then the question of reducing the minimum age limit from 35 will be considered.

As regards the posts of Assistants, the minimum age limit is 25 years only, and it cannot be considered to be too high for this post specially when so far as direct recruitment is concerned, it is essential that the candidates have sufficient experience. So far as promotion is concerned, an Upper Division Clerk is considered for promotion as Assistant after completion of four years' service and a Lower Division Clerk in his turn is considered for promotion as Upper Division Clerk after three years' minimum service. The minimum age limit for the post of Lower Division Clerk is 18 years, and thus by the time he is fit to be considered for post an Assistant he has to be not less than 25 years.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

Recommendation (Serial No. 26)

The Committee do not approve of employment of deputationists from the Government Departments in the Corporation for very long periods. Apart from the avoidable extra expenditure by way of deputation allowance, the personnel who are permanently on the staff of the Corporation have no incentive left to better themselves. The deputationists themselves may have no stakes in the efficiency or success of the Corporation. The Committee feel that a person taken on deputation, if found suitable to the requirements of the Corporation should be permanently absorbed in the organisation within a period of 2 or 3 years or returned to the parent office. (Paragraph 175)

Reply of Government

The Administrative Reforms Commission have made a somewhat similar recommendation. The matter is under consideration of the Government at present. Decision taken will be applicable to the Central Warehousing Corporation also.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

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

N I L

CHAPTER V
RECOMMENDATIONS IN RESPECT OF WHICH REPLIES
OF GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 7)

The Ministry of Works, Housing & Supply should look into the causes of delay from 6 months to one year in the construction of warehouses by C.P. W.D. and lay down suitable remedial measures. The Committee would like to be informed of the measures taken. (Paragraph 52)

Reply of Government

The Works, Housing and Supply Ministry have been addressed in the matter but no reply has yet been received inspite of repeated reminders. They are being requested to send their reply direct to the Lok Sabha Secretariat.

[Ministry of Food & Agriculture, C.D. & C. (Deptt. of Food) O.M. No. F. 26-14/68-SG II, dated the 15-10-1968]

NEW DELHI ;
April 15, 1969

G. S. DHILLON,
Chairman,

Chaitra 25, 1891 (Saka)

Committee on Public Undertakings.

APPENDIX I

(*Vide* reply to Recommendation at S. No. 28, Page 11)

GOVERNMENT OF INDIA
MINISTRY OF FOOD, AGRICULTURE, COMMUNITY
DEVELOPMENT AND COOPERATION

(DEPARTMENT OF FOOD)

18th March, 1968.
New Delhi-1, dated the _____
28th Phalguna, 1889 (*Saka*)

NOTIFICATION

G.S.R. 612. In exercise of the powers conferred by section 41 of the Warehousing Corporations Act, 1962 (58 of 1962), the Central Government hereby makes the following rules further to amend the Central Warehousing Corporation Rules, 1963, namely :—

1. These rules may be called the Central Warehousing Corporation (Amendment) Rules, 1968.
2. In the Central Warehousing Corporation Rules, 1963, after rule 2, the following Chapter shall be inserted, namely :

“CHAPTER 1A

Additional functions of the Corporation

2A. *Disinfestation Service.*—The Corporation may, at its discretion and at the request of the parties concerned, undertake disinfestation service outside its warehouses in respect of agricultural produce or notified commodities as defined in section 2.”

(F. 26-3/66-SG. II)

To

The General Manager,
Government of India Press
New Delhi.

Sd/- DEVAKI NANDAN GOYAL,
Under Secretary to the Government of India.

APPENDIX II

(Vide Reply to Recommendation at S. No. 29, Page 12)

CENTRAL WAREHOUSING CORPORATION (A GOVERNMENT OF INDIA UNDERTAKING)

No. CWC-WH/(P)-INSP/68

G/10, NDSE, Part II,
New Delhi-16,

Dated : 6th June, 1968

CIRCULAR

SUB : Inspection of Central Warehouses—verification of stock—
Instructions, procedure and points for guidance regarding.

1. Introduction

1.1. As the Inspecting Officers are aware, the question of rationalising the procedures and forms for inspection to combine the audit aspect also with inspections has been under detailed examination for some time. Sample inspections have also been carried out with the inspecting officers in the provisionally revised forms. The form of inspection has now been finalised and will be separately sent after being printed. (In the meantime, the provisional form already with the inspecting officers will remain in force).

2. Purpose of Inspection

2.1. The basic purpose for which any inspection of warehouses has to be carried out is ultimately to promote over all efficiency, not only with regard to the observance of all procedures laid down from time to time for various aspects of business and preservation of stocks and maintenance of accounts and godowns etc. but also to improve the overall economy and increase the profitability through development of business and economising expenditure. While the former is necessary for running the business on even keel it is only a means to achieve the ultimate objective of commercial viability and due weight has, therefore, to be given by the inspecting officers to study the prospects of developments of business. He should also analyse the performance of the warehouses in the past years and examine the prospects for the immediate future. He should then guide the Superintendent on the spot on ways and means to further the business; and present an analytical review to Head Office in this regard. The importance of a detailed examination of various procedures and verification of stocks can also not be given less weight—firstly because the Corporation is custodian of other men's property and secondly the Banks advance money on the strength of the warehouse receipt issued by the Corporation. It is, therefore, of prime importance that the negotiable value and sanctity of the warehouse receipt is under all circumstances preserved. In fact without ensuring this essential aspect, even the furtherance of business itself may be seriously jeopardised and all attempts in that direction may come to naught.

3. *Proforma and Entries therein*

3.1 The proforma for inspection has been designed to fulfil the above purpose in all its aspects and the sequence of queries listed therein has been so maintained that the inspecting officer, while scrutinising the records and verifying the stocks etc. as per the proforma will be able to have important data in his possession for forming his ideas on furtherance of business and finding out areas which need prompt and sustained attention. With this data in his possession, if the inspecting officer also visits the market and studies the trends of prices etc. he should be able to present information to the head office on the basis of which the head office could prepare the forecasts and take steps wherever necessary. Similarly he will be able to guide the Superintendent in a more realistic manner for improving the business. It should be appreciated that merely keeping the existing capacity well utilised is not enough but attempts have to be made constantly for expansion within available potential and new sources have to be tapped.

3.2 It should also be noted that the proforma carries a list of points and documents etc. which need to be checked. In some cases the points listed are only a sort of memoranda to facilitate the work of the Inspecting Officers so that no particular point remains to be overlooked. There may be a number of questions in reply to which the Inspecting Officers may have only to say "Yes" after they had satisfied that the work is being properly done as per instructions.

3.3 The Inspecting Officers should take care that all queries in the proforma are properly replied to and nothing is left blank. At the end of each section a few pages have been provided for noting the discrepancies relating to that section. These may be carefully listed and a consolidated memo be given to Superintendents for compliance. Discrepancies should also be noted on the left hand side of the Inspection Register maintained at the warehouses.

3.4 In case where any infestation etc. is detected, complete details of the stock, period for which stocks have remained in the warehouse and earlier disinfestation measures, if any, carried out on the stock should be indicated so that the technical wing at the head office could correlate the case with their fortnightly technical reports for taking expeditious action.

3.5 Inspecting Officers are aware and it is emphasised again that the points noted in the proforma are listed on separate pages for separate Sections in the head office dealing with them and, therefore, it is necessary that complete details are given against points needing attention so that the whole reference can be easily passed on to the concerned Section at the head office from out of the duplicate copy and no delay occurs in typing out the extracts etc.

3.6 It has been indicated in the proforma at the end of the Section relating to Business Division, that a separate note be given reviewing the business and its future prospects. This note may be recorded as a forwarding note to the proforma and it may be worthwhile to give a very brief summary of points which need immediate attention at the head office, at the end of this note. It is also necessary that prospects of business in the next few months after inspection are indicated and the Superintendents advised in this matter so that the head office can follow it up with the concerned Superintendents on those lines.

4. Scrutiny of Warehouse Receipts and Bank Lien:

4.1 As mentioned above, the essential step in inspection is to see that all stocks are properly preserved and kept in custody as per the warehouse receipts/acknowledgements issued in lieu thereof. For this purpose, the Inspecting Officers immediately on arrival at the warehouse should start with the examination of the essential records and prepare a list of current warehouse receipts/acknowledgements in the prescribed proforma (Annexure II-form No. 1 of the Inspection Proforma). A commodity-wise/godown wise statement (in Annexure II-form No. 2) may then be compiled. Each page of these statements should bear the dated signatures of the Inspecting Officers. It should be kept in mind that during the preparation of these two forms mentioned above, the Inspecting Officers will find it necessary to have a general checking of the essential record on the basis of which warehouse receipts are prepared by the Superintendent and deliveries are effected.

4.2 After the above forms have been prepared and a general checking of record has been done wherever necessary, the Inspecting Officers may mark out atleast ten or 10% whichever is higher, of the warehouse receipts/acknowledgements, in respect of which he should check the records fully beginning with the application for deposits and specimen signature cards of the depositor through to the delivery stage as there may be some part deliveries in such receipts. This would also involve checking of stock register, depositor's ledger and other connected records.

4.3 A circular letter may be sent to all concerned banks requesting them to forward a list of warehouse receipts together with the latest balance of stocks against them. On receipt of this information either the same day or next as convenient to the banks the statements sent by the banks should be tallied with the Bank lien register and the master statement prepared by the Inspecting Officer to check that stocks against all receipts pledged/in possession with banks were actually present in the warehouse and quality and quantity are as recorded in such warehouse receipts. It is necessary that list of the receipts in possession of any bank is sent by the bank itself and simple confirmation by the bank of the any list prepared by the warehouse staff or Inspecting Officer will not be enough.

4.4 Counting of bags/packages:

The Inspecting Officer will then go from godown to godown where hundred per cent counting of bags should be done by counting the bags in each layer and multiplying them by the number of layers in each stack. This total should then be tallied with the tally cards and the total number of bags of each commodity in a godown tallied with the statement of stock prepared as above.

4.5 Verification of commodity and weight:

Verification of stocks at a warehouse has to be done from three aspects, (a) verification of type and *grade* of the commodity said to be contained in the package; (b) verification of weight; and (c) verification of maintenance of quality *i.e.* preservation. For this purpose, five warehouse receipts or 5% of the total warehouse receipts in force whichever is higher, should be selected at random. Stacks, in which deposits pertaining to these receipts are kept should be broken in a manner involving least labour, but exposing each and every bag to the Inspecting Officer's eye. The Inspecting Officer should

be able to count bags/packages in these stacks by actually touching each bag/package. He should then at random select 10 bags/packages or 10% bags/packages, whichever is higher, out of each of these stacks. Actual weight of bags/packages so selected should be taken and then samples out of these drawn for ascertaining quality and infestation etc.

4.6. *Preservation :*

Another important point to be looked into during such inspections is to see whether stocks are being properly preserved. Since the success of the warehousing scheme to a large extent depends on safe preservation of deposits, this aspect is very important. It is essential, that every godown and every stack is checked for infestation, if any, and measures taken against each deposit verified from stack cards and the records of disinfestation and fumigation operations kept at the warehouse. The Inspecting Officer may also advise the Superintendent on the spot in case where some operations for proper preservation of the stocks have to be carried out urgently.

4.7. *Bulk Storage :*

At a number of Warehouses, storage of various commodities is now being done in bulk storage bins especially constructed for the purpose or in improvised bulk storage stacks. It is very essential that a thorough checking and verification of such stocks is also carried out. For this purpose, the Inspecting Officers may obtain samples of commodities from various depths of the stack by using special samplers and satisfy themselves fully that the height of the bulk column of commodities is uniform throughout. After satisfying themselves of this aspect, they may take sample weightment by filling the commodity in a measure/container of 1 cubic feet measurement and by weighing a number of such measures/container to find out the average weight of the commodity per cubic feet. This unit will be helpful in finding out the actual weight of such stocks stored in bulk.

4.8. In case where the verification of stocks shows abnormal shortages or the Inspecting Officer finds any discrepancy of a serious nature involving the stocks pledged with the Banks etc., he should not leave the station until he has obtained detailed instructions from the Head Office. Depending on the nature of discrepancy, the Inspecting Officer if he finds it necessary, should get in touch with the Head Office and obtain necessary instructions for further action. It is emphasised that in no case, the Inspecting Officer should leave a station where any discrepancy of serious nature has been found by him, until necessary action in that regard has been taken, or initiated.

4.9. *Expenditure on labour during verifications :*

The Inspecting Officers have also to see that minimum expenditure on labour is incurred during these verifications. As an example, a warehouse of 5,000 tonnes capacity may be taken. If there are 40,000 bags in deposit and each receipt on an average is for 100 bags, there would be 400 receipts in force, five per cent of which will be 20 receipts. Against these 20 receipts, there would be 2,000 bags. The actual weightment and sampling will be done for only 10 per cent of these 2,000 bags selected at random i.e. 200 bags. Weightment and restacking of 200 bags may involve an expenditure of Rs. 20/- to Rs. 25/- @ 10 paise to 12 paise per bag. Taking another Rs. 5/- for

breaking stacks etc., expenditure on labour for stock verifications at a warehouse of 5,000 tonnes may be about Rs. 30/- . However, in some cases depending on the circumstances and actual need, the Inspecting Officers might have to spend even higher amounts for correct and complete verification. In such cases a detailed account of the expenses which had to be incurred should be sent for ex-post-facto sanction.

5. *Sale of Grazing rights and expenditure and Income from Agricultural operations*

5.1. From the time we have taken over lands for our own construction, rights for grazing grass are being auctioned by the Superintendents Central Warehouses. Since the last two years, agricultural operations are also being carried out in the national interest, and expenditure is being incurred on such operations. Income is also received in due course from the sale of agricultural produce. It is essential that the Inspecting Officers should also pay attention to such receipts and expenditure during the inspections, and verify correctness and genuineness thereof.

6. *General*

6.1. It will be noticed that if the procedure for inspection is properly followed, the proforma of inspection would have been completed by the time the Inspecting Officer completes his inspection. The report of such inspections, therefore, should be forwarded by the Inspecting Officer to the Head Office immediately after the completion of the inspection preferably before he leaves the centre which he had inspected.

Sd/- O. N. CHHIBBER,
for *Managing Director*.

Distribution :-

1. Joint Director, CWC, Branch Office, Hyderabad.
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8. All Officers, CWC, Headquarters, New Delhi.
9. Guard file.
10. Master file.

APPENDIX III

(Vide para 5 of Introduction)

Analysis of the action taken by Government on recommendations contained in the Ninth Report of the Committee on Public Undertakings (Fourth Lok Sabha)

I.	Total number of recommendations made	34
II.	Recommendations that have been accepted by Government <i>Vide</i> Sl. Nos. 1, 2, 3, 5, 6, 7 (Para 51) 8, 9, 10, 14, 15, 17, 21 (Para 158), 22, 23, 24, 27, 28, 29, 30 and 31.	
	Number	21
	Percentage to total	62%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply <i>Vide</i> Sl. Nos. 4, 7 (Para 53), 11, 12, 13, 16, 18, 19, 20, 21 (Para 159), 25 and 26.	
	Number	12
	Percentage to total	35%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee.	
	Number	Nil
	Percentage to total	Nil
V.	Recommendations in respect of which replies from Government are still awaited <i>Vide</i> Sl. Nos. 7 (Para 52).	
	Number	1
	Percentage to total	3%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Naran-kari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul, High School Annexe, Imphal.	77
AGENTS IN FOREIGN COUNTRIES					
31.	Bahroo Brothers, 188 Lajpatral Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	59
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			

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