

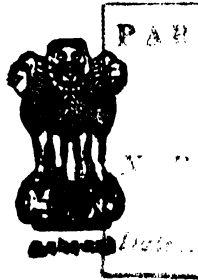
**ESTIMATES COMMITTEE
1961-62**

HUNDRED AND FORTY-SIXTH REPORT

(SECOND LOK SABHA)

MINISTRY OF FINANCE

Action taken by Government on the recommendations contained in the Ninety-Fifth Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Finance—Rehabilitation Finance Administration.



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1961/Agrahayana, 1883 (Saka)

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(1961-62)

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Shri M. C. Chawla—*Under Secretary.*

INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to present this Hundred and Forty-Sixth Report of the Estimates Committee on Action taken by Government on the recommendations contained in the Ninety-Fifth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Finance—Rehabilitation Finance Administration.

2. The Ninety-Fifth Report of the Estimates Committee (Second Lok Sabha) was presented to Lok Sabha on the 28th April, 1960. The Ministry of Finance furnished their comments on the recommendations contained in this Report between 14th August and 20th October, 1961. The replies were examined by the Study Group 'F' of the Estimates Committee (1961-62) in their sitting held on the 26th October, 1961.

3. The Report has been divided into the following three Chapters:—

I—Report

II—Recommendations that have been accepted by Government

III—Replies of the Government that have been accepted by the Committee.

4. An analysis of the Action taken by Government on the recommendations contained in the Ninety-Fifth Report (Second Lok Sabha) of the Estimates Committee is given in Appendix II of this Report. It would be observed therefrom that out of 13 recommendations made in the Report, 38.5% have been accepted by Government, while the replies of the Government in respect of 61.5% of the recommendations have been accepted by the Committee.

NEW DELHI;

December 2, 1961.

Agrahayana 11, 1883 (Saka).

H. C. DASAPPA,

Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee are glad to state that the points brought out in their Ninety-Fifth Report (Second Lok Sabha) have been replied to by Government generally to their satisfaction.

2. The main business of the Rehabilitation Finance Administration was to give financial assistance on reasonable terms to the displaced persons from Pakistan to enable them to settle in business and industry. In para 27 of their above Report, the Committee had pointed out that since this activity of the Administration had ceased and in future it would mainly be occupied with servicing and recovery of loans for which it took help from the Collectors as well as Settlement Commissioners in the States, Government should consider whether the continued existence of such a big organization was necessary. The Committee note that in pursuance of the observations made by them, the Administration has since been dissolved at the close of the business on the 31st December, 1960.

3. In para 21 of their report, the Committee had expressed a doubt whether all the over-due loans amounting to Rs. 515 lakhs would ultimately prove recoverable. In reply, the Government have stated that every endeavour will be made to recover as much as possible out of the over-due loans. *Since the residuary work pertaining to the recovery of loans has now been taken over by the Rehabilitation Finance Administration Unit, a subordinate office of the Ministry of Finance Department of Economic Affairs, on the liquidation of the Rehabilitation Finance Administration, the Committee trust that every effort shall be made to expedite the recovery of loans to the fullest possible extent and Government will exercise due care and caution while sanctioning the writes off of any of these outstanding loans.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

| Serial No. of recommendation as in the Appendix to the 95th Report | Reference to paragraph No. of the Report | Summary of the Recommendation/conclusion | Reply of Government |
|--|--|---|---|
| 1 | 2 | 3 | 4 |
| 2 | 9 | <p>The Committee consider that the difficulties enumerated at (i), (ii) and (iv) under para 8 of the Report should have been foreseen and resolved before sanctioning the loans rather than at the time of disbursing them. They are surprised that there should be a large number of cases where the parties are not traceable or are no longer interested in availing of the loans. It suggests that either the loans were sanctioned without proper scrutiny or unduly long time was taken in sanctioning loans.</p> | <p>The observations of the Committee are respectfully noted. [Ministry of Finance O. M. No. 7 (32)-Corp./60 dated the 14th August, 1961].</p> |
| 4 | 13-15 | <p>Considering the number of applicants to whom loans were sanctioned, the amount of loans cancelled, the amount of loans disbursed, the amount of loans recalled and the amount of bad</p> | <p>The observations of the Committee have been noted. [Ministry of Finance O. M. No. 7(32)-Corp./60 dated the 14th August, 1961]</p> |

and doubtful debt, it would appear that the extent of operations of the Rehabilitation Finance Administration fell very much short of original expectations.

6 19 While the Committee appreciate that the slow progress in the settlement of compensation claims of Displaced Persons might have necessitated the maintenance of some extra staff for watching recovery of loans, they doubt whether it is necessary for the administration to have such a large staff involving an annual expenditure of over Rs. 9 lakhs per annum for handling the limited volume of transactions which is now with the administration. They feel that there is scope for reduction in the establishment expenses which may be effected without delay.

There was gradual reduction in the staff of the Administration as will be observed from Appendix I. After the dissolution of the Rehabilitation Finance Administration as at the close of business on 31-12-60 the average cost per month of the staff employed by the Rehabilitation Finance Administration Unit which took over the recovery work pertaining to the recovery of loans as on the 31st May, 1961 was Rs. 53,000/- only. The total staff employed by the Unit as on this date was 180, i.e., there was a reduction of 35 persons.

[Ministry of Finance O. M. No. 7(32)-Corp./60 dated the 14th August, 1961]

7 21 The Committee very much doubt whether all the over-due loans amounting to Rs. 515 lakhs would ultimately prove recoverable.

The Committee's observations are noted. Every endeavour will be made to recover as much as possible out of the over-due loans.

[Ministry of Finance O.M. No. 7(32)-Corp./60 dated the 14th August, 1961].

13 27 The Committee are of the opinion that since in future the Administration will mainly be occupied with the servicing and recovery of loans for which it takes help from the Collec-

Soon after the receipt of the Estimates Committee's Report, Government took the decision to liquidate the Rehabilitation Finance Administration. The Administration was

tors as well as Settlement Commissioners, Government should consider whether the continued existence of such a big organisation is necessary.

placed in liquidation as at the close of business on 30-6-60 and ultimately dissolved as at the close of business on 31-12-60. The residuary work pertaining to the recovery of loans has been taken over by the Rehabilitation Finance Administration Unit, a Subordinate Office of the Ministry of Finance, Department of Economic Affairs.

[*Ministry of Finance O.M. No. 7(32)-Corp./60 dated the 14th August, 1961*].

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

| S. No. of recommendation as in the Appendix to the 95th Report | Reference to paragraph No. of the Report | Summary of the Recommendation/conclusion | Reply of Government |
|--|--|--|---|
| 1 | 2 | 3 | 4 |
| 1 | 6 | <p>The Committee feel that for an organisation like the Rehabilitation Finance Administration which deals with displaced persons who are in urgent need of rehabilitation it is very necessary that applications for loans should be dealt with expeditiously. They urge that steps should be taken to dispose of the remaining applications very early.</p> | <p>The Rehabilitation Finance Administration was placed in liquidation as at the close of business on the June 30, 1960 and was thus debarred from entertaining any applications for grant of loans. The Administration was ultimately dissolved as at the close of business on the 31st December, 1960. No further action, therefore, appears to be required on this recommendation.</p> |

[Ministry of Finance O. M. No. 7(32)-Corp./60 dated the 14th August, 1961].

3 12 The Total provision for bad and doubtful debts which stood at Rs. 92.58 lakhs on 31st December, 1958 is about 11% of the amount of loans disbursed. Considering the magnitude of overdue loans which amounted to Rs. 515 lakhs on 31st December, 1958 it is doubtful whether the bad debt reserve would prove adequate to cover the actual arisings on account of bad debts. The Committee further feel that the amount of bad and doubtful debts is also a measure of the success of a financial institution.

The provision for bad and doubtful debts was made by the Administration in accordance with the instructions issued by Government with the concurrence of Audit.

[*Ministry of Finance O.M. No. 7(32)-Corp./60 dated the 14th August, 1961*].

Provision in the Rehabilitation Finance Administration's Annual Accounts was made for both bad and doubtful debts in accordance with the instructions issued by Government with the concurrence of Audit. No classification was made under two distinct categories as 'bad debts' and 'doubtful debts'. 6

in terms of Regulation 59 of the Rehabilitation Finance General Regulations, the business year of the Administration was from 1st January to 31st December. The last annual accounts of the Rehabilitation Finance Administration related to the year ended 31st December, 1960 and the amount provided therein on account of bad and doubtful debts was Rs. 1.17 crores (subject to audit). The Administration was dissolved at the close of business on 31st December, 1960 and the residuary work pertaining to the recovery of loans was entrusted to the Rehabilitation

Finance Administration Unit, a subordinate office of the Ministry of Finance, Department of Economic Affairs. Information in respect of bad and doubtful debts as at 1st July, 1961 is, therefore, not available.

As regards prospects of recovery of debts classified as 'bad and doubtful', it may be stated that the chances are very remote.

[*Ministry of Finance O.M. No. F. 7(32)-Corp./60, dated the 20th October, 1961.*]

5 18 The Committee hope that reduction in the rate of interest with effect from 1st April, 1954 will result in better realization.

The position regarding recovery of the Rehabilitation Finance Administration's dues from 1954 onwards is indicated below :—

7

| | (Rs. in lakhs). | | Total |
|--------|-----------------|----------|--------|
| | Principal | Interest | |
| 1954 . | 12.00 | 13.62 | 25.62 |
| 1955 . | 11.30 | 14.46 | 25.76 |
| 1956 . | 42.28 | 18.20 | 60.48 |
| 1957 . | 96.86 | 35.01 | 131.87 |
| 1958 . | 109.97 | 36.14 | 146.11 |
| 1959 . | 115.86 | 34.08 | 149.94 |
| 1960 . | 61.31 | 21.05 | 82.36 |

It would, however, be difficult to correlate the recoveries precisely with the reduction in the rate of interest with effect from 1st April, 1954.

[*Ministry of Finance O.M. No. 7(32)-Corp./60, dated the 14th August, 1961.*]

8 22 The Committee feel that the classification of overdue loans, with regard to the period of their becoming due is necessary for such an institution and should be given in the annual Reports.

9 23 Considering the magnitude of overdue loans referred to at para 21, the Committee apprehend as stated earlier that the provision for bad debts might prove inadequate to cover the actual liability on that account and the actual overall losses of the Rehabilitation Finance Administration might turn out to be much greater than the figures shown in the accounts.

10 24 The Committee do not think that the difficulties in classifying the loans according to trade and industry are insuperable. They suggest that an attempt should be made to that end.

11 25 Further the Annual and Half-yearly Reports of the Administration do not bring out the extent of sanctioned loans which remain undisbursed at the end of the year and the period to which the sanctions relate. Such information, if furnished, would be valuable in determining the operational efficiency of the Administration.

The Administration has since been dissolved and no action on this recommendation is now perhaps necessary.

[*Ministry of Finance O. M. No. 7(32)/60. Corp., dated the 14th August, 1961.*]

This is inter-related to S.No. 3. In this connection attention is invited to our reply to Recommendation at Serial No. 3.

[*Ministry of Finance O.M. No. 7(32)-60 Corp., dated the 14th August, 1961.*]

The Rehabilitation Finance Administration has since been dissolved and no action on this Recommendation is now perhaps necessary.

[*Ministry of Finance O.M. No. 7(32)-60 Corp., dated the 14th August, 1961.*]

The Rehabilitation Finance Administration has since been dissolved and no action on this Recommendation is now perhaps necessary.

[*Ministry of Finance O.M. No. 7(32)-60, Corp., dated the 14th August, 1961.*]

12

The accounts for the year 1957 and 1958 have not yet been laid on the Table. There is thus considerable time lag in the laying of the annual accounts of the Administration on the Table of the House.

In terms of Section 16(4) of the Rehabilitation Finance Administration Act, 1948, certified accounts of the Administration together with the Audit Report thereon is required to be laid before both the Houses of Parliament. The accounts for 1957 and 1958 have since been laid on the Table of the House. The certified accounts for 1959 and the Audit Report thereon have also been received from the Comptroller & Auditor General and will be laid on the Table of Parliament shortly.

[*Ministry of Finance O.M. No. 7(32)-60, Corp., dated the 14th August, 1961.*]

NEW DELHI ;
December 2, 1961/*Agrahayana* 11, 1883 (*Saka*).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

Staff Strength of the Rehabilitation Finance Administration

| Year | A Class Officers | B Class Officers | C Class Officers | D Class Officers | Total | Average cost per month |
|------|---------------------|---------------------|---------------------|---------------------|-------|------------------------------|
| 1953 | 23 | 157 | 331 | 157 | 668 | Rs. 1,44,000 |
| 1954 | 21 | 141 | 323 | 132 | 617 | 1,26,000 |
| 1955 | 14 | 105 | 280 | 110 | 509 | 1,17,000 |
| 1956 | 6 | 52 | 224 | 78 | 360 | 1,00,000 |
| 1957 | 5 | 40 | 233 | 67 | 345 | 83,000 |
| 1958 | 5 | 31 | 221 | 67 | 324 | 77,000 |
| 1959 | 5 | 27 | 223 | 59 | 314 | 74,000 |
| 1960 | 3 | 22 | 153 | 37 | 215 | 70,000 |

APPENDIX II

Analysis of the action taken by Government on the recommendations contained in the 95th Report of the Estimates Committee (Second Lok Sabha)

| | |
|--|-------|
| 1. Total Number of Recommendations made | 13 |
| 2. Recommendations that have been accepted by Government (<i>vide</i> recommendations Nos. 2, 4, 6, 7 and 13 in Chapter II) | |
| Number | 5 |
| Percentage to total | 38·5% |
| 3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (<i>vide</i> Recommendations Nos. 1, 3, 5, 8, 9, 10, 11 & 12 in Chapter III). | |
| Number | 8 |
| Percentage to total | 61·5% |

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-I

| Agency No. | Name and Address of the Agent | Agency No. | Name and Address of the Agent | Agency No. | Name and Address of the Agent |
|------------|--|------------|--|------------|--|
| 1. | Jain Book Agency, Connaught Place, New Delhi. | 20. | The English Book Store, 7-L, Connaught Circus, New Delhi. | 37. | Amar Kitab Ghar, Dagonal Road, Jamahedpur-1. |
| 2. | Kitabistan, 17-A, Kamla Nehru Road, Allahabad. | 21. | Rama Krishna & Sons, 16-B, Connaught Place, New Delhi. | 38. | Allied Traders, Motia Park, Bhopal. |
| 3. | British Book Depot 84 Hayraiganj, Lucknow. | 22. | International Book House, Private Ltd., 9, Ash Lane, Bombay. | 39. | E.M. Gopalkrishna Kona, (Shri Gopal Mahal), North Chitrai Street, Madura. |
| 4. | Imperial Book Depot, 268, Main Street, Poona Camp. | 23. | Lakshmi Book Store, 42, M. M. Queensway, New Delhi. | 40. | Friends Book House, M.U., Aligarh. |
| 5. | The Popular Book Depot (Regd.), Lamington Road, Bombay-7. | 24. | The Kalpana Publishers, Trichinopoly-3. | 41. | Modern Book House, 286, Jawahar Ganj, Jabalpur. |
| 6. | H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore. | 25. | S. K. Brothers, 15A/65, W.E.A, Karol Bagh, New Delhi-5. | 42. | M.C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12. |
| 7. | International Book House, Main Road, Trivandrum. | 26. | The International Book Service, Deccan Gymkhana, Poona-4. | 43. | People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn. |
| 8. | The Presidency Book Supplies, 8-C Pycroft's Road, Triplicane, Madras-5. | 27. | Bahri Brothers, 188, Lajpat Rai Market, Delhi-6. | 44. | W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta. |
| 9. | Atma Ram & Sons, Kashmir Gate, Delhi-6. | 28. | City Book sellers, Sohanaganj Street, Delhi. | 45. | Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1. |
| 10. | Book Centre, Opp. Patna College, Patna. | 29. | The National Law House, Near Indore General Library, Indore. | 46. | Hindustan Diary Publishers, Market Street, Secunderabad. |
| 11. | J. M. Jains & Brothers, Mori Gate, Delhi-6. | 30. | Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay. | 47. | Laxami Narain Aggarwal, Hospital Road, Agra. |
| 12. | The Cuttack Law Times Office, Cuttack-2. | 31. | A.H. Wheeler & Co., (P) Ltd., 15, Elgin Road, Allahabad. | 48. | Law Book Co., Sardar Patel Marg, Allahabad. |
| 13. | The New Book Depot, Connaught Place, New Delhi. | 32. | M.S.R. Murthy & Co., Visakhapatnam. | 49. | D.B. Taraporevala & Son Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1. |
| 14. | The New Book Depot, 79, The Mall, Simla. | 33. | The Loyal Book Depot, Chhipi Tank, Meerut. | 50. | Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad. |
| 15. | The Central News Agency, 23/90, Connaught Circus, New Delhi. | 34. | The Good Companion, Baroda. | 51. | S. Krishnaswami & Co., P.O. Teppakulam, Tiruchinapalli-1. |
| 16. | Lok Milap, District Court Road, Bhavnagar. | 35. | University Publishers, Railway Road, Jullundur City. | 52. | Hyderabad Book Depot, Abid Road, (Gun Foundry), Hyderabad. |
| 17. | Reeves & Co., 29, Park Street, Calcutta-16. | 36. | Students Stores, Ragbunath Bazar, Jammu-Tawi. | 53. | M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi. |

| Agency No. | Name and Address of the Agent | Agency No. | Name and Address of the Agent | Agency No. | Name and Address of the Agent |
|------------|---|------------|---|------------|---|
| 54. | C. V. Venkatsachala Iyer, Near Railway Station, Chalakudi (S.I.). | 68. | Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi. | 82. | Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akur Lane, Calcutta-12. |
| 55. | The Chindambaram Provision Stores, Chindambaram. | 69. | Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9. | 83. | Freeland Publications (P) Ltd., 11-A/16, Lajpat Nagar, New Delhi-14. |
| 56. | K. M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan). | 70. | Gandhi Samriti Trust, Bhavnagar. | 84. | Goel Traders, 100-C, New Mandi, Muzaffarnagar (U.P.). |
| 57. | The Swadesamitran Ltd., Mount Road, Madras-2. | 71. | People's Book House, Opposite Jaganmohan Palace, Mysore-1. | 85. | Mehra Brothers, 50-G, Kalkaji, New Delhi-19. |
| 58. | The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6. | 72. | 'JAGRIT', Bhagalpur-2 (Bihar). | 86. | The Krishna Book Depot, Publishers Booksellers, Stationers & News Agents, Main Bazar, Pathankot, (E.P.) |
| 59. | The High Commission of India Establishment Department, Aldwych, London, W. T. 2. | 73. | The New Book Company (P) Ltd., Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay. | 87. | Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6. |
| 60. | Current Book Stores, Maruti Lane, Raghunath Dada Street, Bombay-1. | 74. | The English Book Depot, 78, Jhoke Road, Ferozepore Cantt. | 88. | The United Book Agency, 48, Amritkaur Market, Paharganj, New Delhi. |
| 61. | International Consultants, Corporation, 48C, Marredpally (East), Secunderabad-3 (A.P.). | 75. | Minerva Book Shop, 9, Jor Bagh Market, New Delhi-3. | 89. | Pervaje's Book House, Book Sellers & News Agents, Koppikar Road Hubli. |
| 62. | K.G. Aseervandam and Sons, Cloughpet, P.O. Ongoli, Guntur Distt. (Andhra.). | 76. | People's Publishing House, Rani Jhansi Road, New Delhi-1. | 90. | B. S. Jain & Co., 71 Abupura, Muzaffarnagar (U.P.). |
| 63. | The New Order Book Co., Ellis Bridge, Ahmedabad. | 77. | Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School Annexe, Imphal, Manipur. | 91. | Swadeshi Vestu Bhandar Booksellers, Jamnagar. |
| 64. | The Triveni Publishers, Masulipatnam. | 78. | Minerva Book Shop, The Mall, Simla-1. | 92. | Bhogilal L. Fanna, Book stall Contractor, Railway Junction, Rajkot. |
| 65. | Deccan Book Stall, Ferguson College Road, Poona-4. | 79. | Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad. | 93. | Sikh Publishing House (P) Ltd., 7-C, Connaught Place, New Delhi. |
| 66. | Jayana Book Depot Chapparwala Kuan, Karol Bagh, New Delhi-5. | 80. | Madhya Pradesh Book Centre, 41, Ahilya Pura, Indore City (M.P.). | | |
| 67. | Bookland, 663, Madar Gate, Ajmer (Rajasthan) | 81. | Mittal & Co., 85-C, New Mandi, Muzaffarnagar (U.P.) | | |