

**ESTIMATES COMMITTEE
1960-61**

HUNDRED AND TWENTY-EIGHTH REPORT

**MINISTRY OF FOOD AND AGRICULTURE
(Department of Food)**

CENTRAL WAREHOUSING CORPORATION



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1961
Chaitra, 1883 (Saka)

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CORRIGENDA

Hundred and Twenty-eighth Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Food and Agriculture (Department of Food)-Central Warehousing Corporation.

Contents page, Against Appendices V, VI and VII, for pages '29', '30-35' and '35' read '19', '21-24' and '25' respectively.

Page 9, line 8, for 'expect' read 'expected'

Page 11, line 1, for '67:57' read '57.57'

Page 22, Sl.No.7, line 6, for 'before' read 'before'

Page 22, Sl.No.10, lines 4-5, for 'Advisory Committee' read 'Advisory Committees'

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1960-61

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INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Hundred and Twenty-eighth Report on the Ministry of Food and Agriculture (Department of Food) on the subject "Central Warehousing Corporation".

2. A statement showing an analysis of the recommendations contained in this Report is also appended to the Report (Appendix VII).

3. The Committee wish to express their thanks to the Secretary of the Ministry of Food and Agriculture (Department of Food) and officers of the Central Warehousing Corporation for placing before them the material and information that they wanted in connection with the examination of the estimates.

NEW DELHI;
The 27th March, 1961.

The 6th Chaitra, 1883 (Saka)

H. C. DASAPPA,
Chairman,
Estimates Committee.

CENTRAL WAREHOUSING CORPORATION

I. ORGANISATION

A. Introduction

Storage and warehousing are important adjuncts of marketing. Their importance in providing scientific storage, in regulating the flow of goods to markets, in the evolution of proper grade standards, in the creation of an instrument for obtaining credit and a number of other subsidiary functions has been well established in all advanced countries. Warehousing occupies an important place in the national economies of other countries like United States of America and Canada.

What is Warehousing.

2. In India attention came to be focussed on the importance of warehousing in the context of marketing about 30 years ago with the publication of the Report of the Royal Commission on Agriculture. In 1944 the Reserve Bank of India took the first tangible step in recommending to all State Governments to enact legislation for the setting up and supervision of warehouses. Even though a few State Governments had passed the requisite legislation, no warehouses were, in practice, set up anywhere in the country.

Historical Background.

3. The Rural Banking Enquiry Committee (1950) also emphasised the importance of storage and warehousing in relation to rural credit and rural banking. In the absence, however, of a detailed scheme towards that end, no progress in pursuance of the recommendation was made. Again, the All India Rural Credit Survey in their Report of 1954 emphasised the magnitude and urgency of the problem. In view of the area to be covered and the extent of co-ordination to be effected the Committee of Direction on Rural Credit Survey felt that the endeavour required might well be compared to those which had gone into the construction of the Railway system in the country or of laying out of the road-ways. It envisaged a set-up on the following lines:

- (1) A planning and financing body at the Centre sufficiently expert and representative and adequately provided with finance, which would plan a whole system of storage and warehousing, after taking into account such part of the civil supplies storage of the Central and State Governments as may be suitable for the purpose. The planning body was to be organisationally related to different agencies for carrying out the programme.

- (2) The agencies for execution would be broadly divided under three categories:—
- (i) All India organisation for development of storage and warehousing at points of all-India importance;
 - (ii) State organisations concerned with points of State or district importance; and
 - (iii) Co-operative organisations at the taluka and village level.

4. As a result of the recommendations of the Committee of Direction on All India Rural Credit Survey, Agricultural Produce (Development and Warehousing) Corporations Act was passed in June, 1956. The Act provided for the establishment of:

- (1) National Co-operative Development and Warehousing Board;
- (2) Central Warehousing Corporation; and
- (3) A State Warehousing Corporation in each State.

Formation of Central and State Warehousing Corporations.

5. The National Co-operative Development and Warehousing Board was set up in September, 1956. The Central Warehousing Corporation was initially constituted by the Government on the 2nd March, 1957, but started functioning only in July of that year. The subsidiary bodies in the States, viz., the State Warehousing Corporations came into being in the various States between July 1957 and August 1958.

B. Set up

- (a) *Relationship between National Cooperative Development and Warehousing Board and Central Warehousing Corporation.*

Administrative changes.

6. The Committee have dealt with the subject of National Co-operative Development and Warehousing Board in another report. Here they propose to refer only to its relationship with the Central Warehousing Corporation and the effect of certain administrative changes recently made in the set-up of the two bodies.

7. Under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, the Board holds 40 per cent of the shares of the Central Warehousing Corporation. It has been vested with some directing and administrative powers in relation to the functioning of the Central Warehousing Corporation. The Board and the Corporation as originally formed were under the Ministry of Food

and Agriculture. Consequent on a decision taken by the Government of India to undertake state trading in food-grains, an important organisational change took place in the year 1958-59. The work relating to the Central Warehousing Corporation was transferred from the Department of Agriculture to the Department of Food in the Ministry of Food and Agriculture. On the transfer of work relating to Co-operation from the Department of Agriculture to the Ministry of Community Development and Co-operation in December 1958, the work relating to the National Co-operative Development and Warehousing Board was also transferred to the Ministry. These changes had necessitated a re-examination of the relationship between the National Co-operative Development and Warehousing Board and the Central Warehousing Corporation. It was envisaged that powers and functions of the former body in regard to the Warehousing would be entrusted to the latter body and that the Board would confine itself to cooperative development. Legislation to give effect to the change in the set-up was stated to be under consideration of Government. *The Committee recommend that expeditious action should be taken to put an end to the uncertainty in the existing set-up in order that the progress of implementation of the programmes is not in any way hampered on this account. At the same time they would draw attention to the need for a close liaison being continued between the two bodies since their objectives are in a large measure complementary.*

(b) *Central and State Warehousing Corporations*

8. The role envisaged by the All India Rural Credit Survey Committee for the Central Corporation, State Corporations and Cooperative organisations at the taluka and village levels, for providing warehouses has already been mentioned in para 3 above. It was stated that special problems such as provision of specialised storage, storage for export purposes, storage for inter-State purposes should be the special concern of the Central Warehousing Corporation. In actual practice little progress has been made by the Central Corporation in dealing with these specialised responsibilities.

9. In this connection the Committee would like to refer to the comments of Mr. Robert T. Clifford, Consultant, Central Warehousing Board in his report on Warehousing in India (November 1957):—

*Views of
Warehousing
Consultant.*

“The line of demarcation at which the Central Warehousing Corporation is to stop building and operating of warehouses and the State Warehouse Corporations are to start, is not clearly defined. From size alone there could

be a Central Warehouse and State Warehouse in adjoining locations."

Need for defining scope of Corporations.

10. *Since setting up of warehouses in the same or contiguous areas by two different Corporations cannot evidently result in efficiency or economy, the Committee recommend that the scope and functions of the two sets of Corporations may be defined.*

Liaison between Central and State Corporations.

11. *The Committee further recommend that there should be a closer liaison between the Central Warehousing Corporation and the State Warehousing Corporations. Comprehensive information on the work done by the State Corporations should be obtained periodically by the Central Warehousing Corporation with a view to assist the State Corporations in technical and other matters. The Central Corporation may in consultation with the State Corporations consider evolving a system of inspection of warehouses so as to ensure, as far as possible, a uniform procedure for storage etc. all over the country.*

II. FINANCE

12. The authorised capital of the Central Warehousing Corporation is Rs. 20 crores divided into two hundred thousand shares of the face value of one thousand rupees each. Of this authorised capital half was issued in June 1957. The category-wise break-up of the shares issued and subscribed as on the 31st March, 1960 is as under:

Category	Shares issued	Shares subscribed
(a) National Cooperative Development and Warehousing Board	40,000	40,000
(b) State Bank of India	10,000	10,000
(c) Scheduled Banks	12,500	1,786
(d) Cooperative Societies	2,500	2,500
(e) Insurance Companies, Investment Trust etc.	30,000	5,087
(f) Recognised Associations and Joint Stock Companies dealing in agricultural produce.	5,000	66
Total	1,00,000	59,439

13. It will be seen that the allotments made for the National Cooperative Development and Warehousing Board and State Bank of India were naturally subscribed in full. Among the other categories it is only the Cooperative Societies that have taken up their full quota of 2,500 shares. The Committee were informed that the number of shares applied for by them even exceeded the allotment. But it will be seen that in the case of the other categories the subscriptions have fallen far short of the shares issued. *The Committee are of the view that in the proposed amending legislation, provision may be made to allocate more shares to Cooperative Societies.*

Working
Deficits.

14. The following table gives the working results of the Corporation for the last four years:—

Year	Number of working warehouses at the end of the year	Loss suffered
1957-58*	7	1,21,457
1958-59	9	4,30,458
1959-60	26	2,69,300
1960-61†	40	2,65,000

*for a working of five months only.

†estimated.

Under Section 19 of Agricultural Produce (Development and Warehousing) Corporations Act the Central Government guarantees a dividend of 3½ per cent. In 1959-60, 9 warehouses which had been in existence for more than 12 months showed a net profit of Rs. 34,767. In 1960-61, it was expected that the Corporation would continue to suffer a net loss of about Rs. 2,65,000 even though old warehouses numbering 26 would on their part make a profit. *The Committee hope that when the existing warehouses get well established, draw additional custom and increase their storage accommodation, the overall deficit would diminish progressively so as eventually to cover fully the revenue expenditure. They recommend that every effort should be made to make the Corporation self-sufficient early.*

Expenditure
on Capital
Works-in-
progress.

15. The Committee were surprised to learn that the statements certified by the auditors of the Public Works Departments concerned in regard to an expenditure worth Rs. 6,93,038 incurred on capital works-in-progress during 1959-60 had not been received till January 1961 (i.e., even after ten months of the close of the year).* *The Corporation should pursue the matter with the Public Works Departments and take suitable action to ensure that such long delays in the furnishing of certified statements are avoided.*

*At the stage of factual verification it was stated by the Ministry that audit certificates for an expenditure of Rs. 4,98,819 had since been received.

III. WORKING

A. General

16. The functions of the Central and State Warehousing Corporations as laid down under the Agricultural Produce (Development and Warehousing) Corporations Act are set out in Appendix I. One of these is to arrange facilities for the transport of agricultural produce to and from warehouses. It was stated that proposals to provide transport facilities to the depositors in the warehouses had been under consideration for some time. The All India Warehousemen's Conference held at Indore on the 21st and 22nd November, 1960 had recommended that—

Functions of the Central and State Warehousing Corporations.

“Transport arrangements could be provided only where there was demand from the producers and the demand was sufficient to keep the transport occupied for major part of the year. Additional work in the shape of Food Department custom or other permissible work will be an extra consideration. There should be workshop facility for repairs available nearby. To start with one centre in each State under the State Warehousing Corporation may be considered in addition to the centres under the Central Warehousing Corporation. The warehouses should own the transport rather than arrange contract with any other transport owners. Care should be taken to work out the economies of the project before it is started to ensure that there is at least no loss over it.”

The provision of transport facilities may encourage producers to deposit their stocks in the warehouses. *The Committee have a fear that such a service may not be run profitably. For one thing, the load may not be regular and for another, the supervision may entail large overheads. The Committee suggest that before such a scheme is undertaken a careful assessment may be made of the overall economies. They would like to stress that the Corporation should make sure that there would be no loss in undertaking this service.*

B. Plan targets

17. The Central Warehousing Corporation and the State Warehousing Corporations came into being much later

Second Plan targets.

than the stage of formulation of the Second Five Year Plan or even its start. The final draft of the Second Five Year Plan (1956) however provided that the Central Warehousing Corporation was expected to set up large-sized warehouses at about 100 important centres and that the State Warehousing Corporations would establish about 250 warehouses at different centres with a total storage capacity of about 1 million tons. No physical targets of capacity were mentioned in respect of Central Warehousing Corporation.

Revised targets.

18. The Committee were given to understand that on an analysis of custom at Central and State Warehouses and the accent on procurement through cooperatives then prevailing, it was felt that storage of grain, as distinguished from other agricultural produce, should largely be left to the State Warehousing Corporations and that the Central Warehouses should, in an increasing measure, concern themselves with affording storage facilities for other commodities like oil-seeds, jute, cotton and certain other food-stuffs like fruit, jaggery, requiring more expensive and specialised storage for their proper keeping. This necessitated a re-allocation of the number of centres tentatively decided upon and the target set for the Central Warehousing Corporation for the Second Plan was revised in August, 1959 from 100 to 50, leaving the State Warehousing Corporations to make up the balance and set up 300 instead of 250 warehouses.

Achievements.

19. The Committee were informed that against the revised target of 50 warehouses only 40 warehouses were expected to be set up by the end of the Plan period. The main reason for non-completion of the revised target was stated to be the non-availability of suitable hired accommodation at centres which had been found suitable for starting warehouses. The target of setting up 300 warehouses in the Second Plan by the State Corporations was also not likely to be achieved. By the end of December 1960, 229 warehouses with storage capacity of 2,12,094 tons had been set up by the State Corporations. In all 250 warehouses are expected to be set up by the end of the Second Plan.

Construction of Warehouses.

20. The original target for construction of warehouses by Central Warehousing Corporation was 100 large-sized warehouses. It was however stated that construction was sanctioned and taken on hand only from 1958 onwards after gauging the storage potential and gaining experience in the actual working of warehouses set up in hired accommodation. The Committee were informed that the Board of

Directors of the Corporation considered from time to time between August, 1958 to December, 1960 the question of constructing buildings for warehouses. They decided that in all 34 warehouses might be built during the Second Plan period with a capacity of 1,63,400 tons at a cost of Rs. 231.27 lakhs. The Committee were further informed that owing to difficulties in acquiring sites and securing steel they expect to complete construction of 7 warehouses only with a storage capacity of 34,600 tons at a cost of Rs. 52.57 lakhs. The construction of 26* centres with a capacity of approx. 124,000 tons at an estimated cost of Rs. 171.65 lakhs is to be carried over to the Third Plan.

A statement showing the dates when acquisition proceedings were started for obtaining the land for central warehouses, the dates when possession was given and the progress made in construction appears at Appendix II.

21. The Committee were informed that the State Warehousing Corporations had a target of constructing 80 warehouses at an estimated cost of Rs. 148.19 lakhs during the Second Plan period but had not completed the construction of even a single warehouse so far. State Warehousing Corporations.

22. *The Committee regret that the rate of progress in the construction of warehouses has been extremely poor, the State Warehousing Corporations not constructing even one of the 80 targeted for. They feel that now that the Central and State Warehousing Corporations have gathered sufficient experience in the field, it should be possible to speed up the opening of new warehouses as well as to undertake construction at places which are assured of custom.* Poor progress of construction.

23. The Committee understand that during the Third Five Year Plan the Central Warehousing Corporation has a programme of setting up 35 warehouses for ordinary storage and 20 warehouses for specialised storage with a total storage capacity of 4,25,000 tons and the State Warehousing Corporations have a programme of setting up nearly 400 warehouses with a total storage capacity of 11,96,257 tons in hired and constructed accommodation (7,05,357 tons in constructed accommodation and 4,90,900 tons in hired accommodation). *The Committee hope that the Corporation would proceed vigorously and in a business-like manner to fulfil the targets laid down. They recommend that all out efforts should be made to make the warehousing scheme a success so as to draw a larger and larger percentage of marketable surplus into the chain of warehouses.* Third Plan targets.

*Decision to construct one warehouse has been kept in abeyance.

C. Local Advisory Committees

Set-up.

24. The Committee were glad to learn that it was proposed to have a local Advisory Committee at each warehouse under the Central Warehousing Corporation, consisting of a representative of the Regulated Market Committee, the Cooperative Marketing Society, the trade, farmers and the State Bank and other financing agencies to assist in the efficient working of the Scheme. Such Committees had however been constituted only for 9 Central Warehouses out of 34 Warehouses set up so far. *The Committee are of the view that these committees can prove very useful in securing cooperation of the local people for the warehousing scheme. They hope that such advisory committees will be set up early for all Central Warehouses. Such advisory committees may also be equally useful in the case of State Warehouses.*

Functions of
Advisory
Committee.

25. The Committee understand that the main functions entrusted to the Advisory Committee are—

- (i) to increase custom in the warehouses specially from producers;
- (ii) to remove difficulties of depositors *vis-a-vis* the warehouses; and
- (iii) to remove difficulties of depositors in respect of obtaining credit from bank.

The Committee are of the view that the Advisory Committees should also be utilised to popularise the grades prescribed for various commodities by the warehouses among the business community. The advantages of adopting standardised grades are bound to be appreciated alike by the producer and the trader. These would not only assure higher returns to the producer but also facilitate easier trading, as then the need to conduct trade through samples can be obviated. Mere indication of the grade would be enough for the purchaser to know the exact quality for which he is paying, thus eliminating the risks involved in trading through samples.

D. Producers as depositors

Paucity of
producers
among de-
positors.

26. The Committee note from the statements showing the percentage of deposits of various commodities made in the Central and State Warehouses by different categories of depositors, producers, traders, government etc. (Appendices III and IV) that as on 3-12-1960 only 10.00 per cent. of deposits belonged to the producers in the central warehouses while in the case of State Warehouses their percentage was even less—8.10. It is significant to note that the traders and merchants constituted the largest percentage from amongst the private depositors, *viz.*, 30.00 per cent. in the

case of Central Warehouses and 67.57 per cent. in the case of State Warehouses.

27. The Committee were given to understand that the problem of attracting more producers to the warehouses was discussed at the fifth All India Warehousemen's Conference held at Indore on the 21st and 22nd November, 1960. Great concern was expressed at the Conference at the paucity of producers among those who were storing stocks at warehouses and the following measures were suggested for increasing custom from them:—

Measures for increasing custom from producers.

- (a) Storage charges should be reduced as far as possible by giving concessions to cooperatives.
- (b) Scheduled Banks should accept the system of ascertaining the credit-worthiness of producer-depositors on the basis of the report of the warehouseman as had been done by the State Bank of India.
- (c) The borrowing limits of cooperative societies should be raised and their rate of interest lowered for advances against warehouse receipts.
- (d) All steps to facilitate credit to the producers against warehouse receipts should be taken. As the producers did not normally come "armed" with statements of assets etc. signed by village officials, procedural difficulties were being experienced by them in getting credit. The warehousemen should see that with their help producers got the necessary credit quickly.
- (e) The marketing societies should in their bye-laws, provide that traders should not keep stocks of producers for sale for a period of one month.

The Committee trust that due consideration will be given to these measures and effective steps taken to implement as many of them as possible. They would also stress the need of adequate publicity. The message of warehousing has to be carried into the rural areas surrounding each warehouse so that the producers are made aware of its uses and benefits and are attracted to it. The warehousemen should play an active role in publicising the system and persuading the producers to deposit their stocks in warehouses.

E. Agency arrangements with the Government

28. With the increasing stress laid on the building up of adequate reserve stocks the advantages of utilising the warehouses of the Corporations for civil supplies particularly in the States where there is not enough departmental

Management of civil supplies stocks.

storage accommodation available is self-evident. The Committee learnt that the question of the Central and State Warehousing Corporations taking over management of Civil Supplies stocks at the places where warehouses had been set up by them was taken up with various States and the Central Government in the year 1958. The Central Warehousing Corporation sent to the State Governments a model draft of terms and conditions on which the State Corporations could take up this work. The Central Government (Department of Food) also advised in their letter of 10th June, 1959 (Appendix V) the State Governments (in the context of the policy of state trading) to make the fullest use of the services of warehousing Corporations in the work of storage, preservation, handling and such allied activities.

29. The Committee were informed that the Government of India gave the entire stocks of their Depot at Chandausi for management to the Corporation to begin with. Certain State Governments, for example, Maharashtra, Rajasthan, Orissa, Madhya Pradesh, Bihar, Assam and West Bengal also began utilising the warehouses at certain places.

30. It would be seen from the statement (Appendix IV) that the warehouses have not been made much use of by most of the State Governments except Punjab Government. *The Committee recommend that fullest use of the services of the warehousing corporations for storage of foodgrains should be made by the Central and State Governments.*

Agreements
on terms and
conditions.

31. The Committee were surprised to learn that final agreements on the terms and conditions for storage, preservation etc. of civil supplies stocks of foodgrains on behalf of various States and the Central Government have not yet been arrived at except in a few cases and that negotiations were still continuing. Pending finalisation, charges on this account were included provisionally in the Profit and Loss Account and balance sheet of the Central Warehousing Corporation for the year 1959-60. It was stated that the delay was in studying the comparative cost of storage to Government under existing arrangements and under the Corporations. *The Committee are of the view that the matter has been unduly delayed. They recommend that effective steps should be taken to reach an early agreement.*

F. Miscellaneous

Construction
Engineer.

32. The Committee learnt that the Central Warehousing Corporation had in its employ a Construction Engineer with supporting staff whose salary amounted to Rs. 27,903 in the year 1959-60. The representative of the Ministry stated in his evidence that a retired Additional Chief Engineer,

C.P.W.D. was employed till recently as Construction Engineer and an officer of lower rank was proposed to be appointed to that post. The Construction Engineer and his staff selected the sites, looked into designs and plans and approved the estimates; but the Corporation utilised the agency of C.P.W.D. for construction. *Since the Corporation has not so far taken up any construction work by itself, nor is it likely to do so in the near future, and since even the work carried out so far through C.P.W.D. has not been as much as envisaged, the Committee are not convinced that the work-load fully justifies the need for the post of a high ranking Construction Engineer and supporting staff. They recommend that the matter should be examined carefully and appropriate economies effected.*

33. The Committee were surprised to learn that title deeds of land acquired in Amravati in 1958-59 and in Davangere, Warrangal, Sriganaganagar and Sangli in 1959-60 by the Central Warehousing Corporation had not been acquired by January, 1961. No satisfactory reason for the delay was given in his evidence by the representative of the Ministry. *The Committee recommend that action should be taken to acquire the title deeds without further delay. In future such title deeds should be acquired simultaneously with the acquisition of land.*

Title deeds
of land
acquired.

34. The Committee understand that at present complaint/suggestion books are not maintained at the warehouses. *They, however, feel that it is desirable to have a Suggestion Book conspicuously displayed at each warehouse so that the customers may enter in it their difficulties as well as suggestions for improving the working of the warehouses.*

Complaint/
Suggestion
books.

NEW DELHI;
The 27th March, 1961.
The 6th Chaitra, 1883 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide para 16)

Functions of the Central and State Warehousing Corporations *Central Warehousing Corporation:*

The functions of the Central Warehousing Corporation as laid down under the Agricultural Produce (Development and Warehousing) Corporations Act are as follows:—

- (a) to acquire and build godowns and warehouses at such suitable places in India as it thinks fit;
- (b) to run warehouses for the storage of agricultural produce, seeds, manures, fertilizers and agricultural implements offered by individuals, co-operative societies and other institutions;
- (c) to arrange facilities for the transport of agricultural produce to and from warehouses;
- (d) to subscribe to the share capital of a State Warehousing Corporation;
- (e) to act as agent of the National Co-operative Development and Warehousing Board or of the Government for the purposes of the purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilizers and agricultural implements; and
- (f) to carry out such other functions as may be prescribed.

State Warehousing Corporations:

The functions of the State Warehousing Corporations, which are subsidiaries of the Central Warehousing Corporation, as laid down under section 34 of the Agricultural Produce (Development and Warehousing) Corporations Act are as follows:—

- (i) to acquire and build godowns and warehouses at such places within the State as it may, in consultation with the Central Warehousing Corporation, determine;
- (ii) to run warehouses in the State for the storage of agricultural produce, seeds, manures, fertilizers and agricultural implements;
- (iii) to subscribe to the share capital of co-operative societies engaged in the storage or warehousing of agricultural produce;
- (iv) to arrange facilities for the transport of agricultural produce to and from warehouses;
- (v) to act as agent of the Central Warehousing Corporation or of the State Government for the purposes of purchase, sale, storage and distribution, of agricultural produce, seeds, manures, fertilizers and agricultural implements; and
- (vi) to carry out such other functions as may be prescribed.

APPENDIX II

(Vide para 20)

Statement showing the dates when Acquisition Proceedings were started for obtaining the land for Central Warehouses, the dates when possession was given and the progress made in construction

1	2	3	4	5	6
Name of centre	Date on which acquisition, or request for transfer of land was made	Date of Notification	Date on which possession given	Date on which construction was started	Progress of Construction
1. Amravati (5500 tons)	September, 1957 (Govt. land)	Resolution passed in Oct. 1958 (Govt. land)	December, 1958	I Phase 15-1-59 II Phase 24-10-60	I Phase (1700 tons) completed and handed over. II Phase (3800 tons) is in progress.
2. Davangere (5000 tons)	December 1957 (land of the Regulated Market Committee)	Decision for transfer of land taken by Regulated Market Committee in March, 1958.	Dec., 1959	I Phase 16-6-59 II Phase 21-4-60	Both the phases have been completed.
3. Morena (5000 tons)	January, 1958	October, 1958	January, 1959	25-2-60	Work is in progress.
4. Warangal (4800 tons)	March, 1958	December 1958	February 1959	I Phase* 19-12-58 II Phase 22-3-60	I Phase (2300 tons) completed and handed over. II Phase (3400 tons)—main godown completed and handed over; ancillary works in progress.

I	2	3	4	5	6
5. Sivanganagar (5000 tons)	August, 1958	Govt. land; decision for transfer taken in July, 1959.	January, 1960	25-4-60	In progress.
6. Kotah (5000 tons)	May, 1959 (Govt. land)	..		22-4-60	In progress.
7. Sanghi (6000 tons)	August, 1959	Transferred from Market Committee.	May, 1960	I Phase 19-2-59 II Phase 28-2-60	I Phase (2200 tons) completed II Phase (3800 tons) is in progress.
8. Gondia (5000 tons)	December 1959	Govt. land transferred	September, 1960	18-3-60*	In progress.

*These dates are those on which the deposits were asked for and made to C.P.W.D. The C.P.W.D. asked for deposits only when they were about to start the actual construction.

APPENDIX III

(Vide para 26)

Statement showing Classes of Depositors at Central Warehousing Corporation's Warehouses

Depositors	As on 31st May, 1959	As on 30th Sept., 1959	As on 31st March, 1960	Ass on 30th Sept., 1960	As on 31st Dec., 1960
	(Percentage)	(Percentage)	(Percentage)	(Percentage)	(Percentage)
1. Producers	19	3	18	7	10
2. Co-operatives	1	1	3	2	3
3. Merchants	79	50	73	55	30
4. Government	1	46	6	36	57

APPENDIX IV

(Vide Paras 26 and 30)

Statements of Classes of Depositors in respect of State-Warehousing Corporations

Serial No.	Name of State Warehousing Corporation	Storage of capacity in tons on 31-12-60	Occupancy in 1018 on 31-12-60	Percentage of utilisation of occupancy				Traders
				Government	Coop.	Producers		
1.	Andhra Pradesh	5,807	5,124	10	16	14	60	
2.	Assam	6,827	5,711	39.04	7.04	Nil	53.92	
3.	Maharashtra	22,300	12,155	Nil	15.04	8.00	76.96	
4.	Madras	9,546	4,413	Nil	Nil	10.00	90.00	
5.	Madhya Pradesh	26,577	13,124	6.61	0.15	8.76	84.48	
6.	Kerala	1,900	40	Nil	Nil	Nil	100	
7.	Orissa	6,036	3,271	401	Nil	22	38	
8.	Rajasthan	15,000	3,725	1.56	21.61	0.04	76.43	
9.	West Bengal	16,153	2,860	24	12.5	12.5	51	
10.	Uttar Pradesh	59,041	37,023	Nil	0.06	1.21	98.73	
11.	Mysoore	16,500	11,892	Nil	Nil	20.00	80.00	
12.	Punjab.	12,686	11,447	98.29	Nil	0.33	1.38	

APPENDIX V

(Vide para 28)

(COPY)

No. F. 35|46|59-SG. II

GOVERNMENT OF INDIA

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

New Delhi, the 10th June, 1959.

From

Shri B. B. Ghosh,

Secretary to the Government of India.

To

All the State Governments (excluding Jammu & Kashmir).

Sub: State trading in foodgrains—storage accommodation—role of Warehousing Corporations.

Sir,

I am directed to state, in continuation of this Ministry's letter No. 185|58-PY-I dated 16th May 1959, that the Government of India have examined the problem of storage accommodation with reference to the position brought out in the Report of the working group. It is clear that if a substantial portion of the marketed surplus is to be handled by the Government, the storage accommodation available will need to be greatly augmented. As the marketing cooperatives are developed they will also need storage accommodation. It is desirable, therefore, that the State Government should examine what storage accommodation is available either with the Government or with the cooperative organisation which could be used for the purpose and what further accommodation should be built. In this connection, it is suggested that fullest use should be made of the services of the Warehousing Corporations which have been recently set up. There seems to be no reason why in some of the States, particularly where there is not much of an organisation at present to deal with the physical work of storage, preservation and handling of foodgrains, the responsibility of providing the storage accommodation required and of looking after the stocks should not be entrusted to the warehousing corporation. Even where there is an existing organisation with the Civil Supplies or Food Department for this purpose there may be scope for utilising the services of the warehousing Corporations at many places. It is, however, needless to say that the state Warehousing Corporations will have to deal not only with foodgrains but also with other agricultural produce and the future plan of development of the Corporations should be based on the requirements of both.

2. So far as the surplus States are concerned, the exportable surplus would be acquired for the Central reserve and it will be for the Central Government to arrange for the necessary storage accommodation. The Government of India have, during the last two or three years, already built or planned to build fairly large godown accommodation, though mainly for storage of imported foodgrains. As the volume of internal purchases for the Central Reserve increases, the Government of India propose to make increasing use of the storage facilities available with the Central and State Warehousing Corporations.

3. It is desirable to ensure that on the one hand adequate storage accommodation is built throughout the country to meet the needs of state trading and on the other there is no duplication of efforts at a particular place. It is accordingly suggested that the plans of the State Governments in this connection may be communicated to the Government of India.

Yours faithfully,

Sd. | B. B. GHOSH,

Secretary to the Government of India.

Copy to Managing Director, Central Warehousing Corporation.

APPENDIX VI

Summary of recommendations/Conclusions contained in the Report.

Serial No.	Reference to Para No.	Summary of recommendations /conclusions
1	2	3
1	7	The Committee recommend that expeditious action should be taken to put an end to the uncertainty in the existing set up of the National Co-operative Development and Warehousing Board and the Central Warehousing Corporation, in order that the progress of implementation of the programmes is not in any way hampered on this account. At the same time they would draw attention to the need for a close liaison being continued between that two bodies since their objectives are in a large measure complementary.
2	10	Since setting up of warehouses in the same or contiguous areas by two different Corporations cannot evidently result in efficiency or economy the Committee recommend that the scope and functions of the two sets of Corporations may be defined.
3	11	The Committee further recommend that there should be a closer liaison between the Central Warehousing Corporation and the State Warehousing Corporations. Comprehensive information on the work done by the State Corporations should be obtained periodically by the Central Warehousing Corporation with a view to assist the State Corporations in technical and other matters. The Central Corporation may in consultation with the State Corporations consider evolving a system of inspection of warehouses so as to ensure as far as possible a uniform procedure for storage etc. all over the country.
4	13	The Committee are of the view that in the proposed amending legislation, provision may be made to allocate more shares to co-operative societies.
5	14	The Committee hope that when the existing warehouses get well established, draw additional custom and increase their storage accommodation, the overall deficit would diminish progressively so as eventually to cover fully the revenue expenditure.

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They recommend that every effort should be made to make the Central Warehousing Corporation self-sufficient early.

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The Committee recommend that the Central Warehousing Corporation should pursue the matter of non-receipt of statements certified by the auditors of the Public Works Departments concerned in regard to an expenditure worth Rs. 6,93,938 incurred on captial works-in-progress during 1959-60 and take suitable action to ensure that such long delays in the furnishing of certified statements are avoided.

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The Committee have a fear that the proposed service of transporting agricultural produce to and from warehouses may not be run profitably. For one thing the load may not be regular and for another the supervision may entail larger overheads. The Committee suggest that befoe such a scheme is undertaken a careful assessment may be made of the overall economies. They would like to stress that the Central Warehousing Corporation should make sure that there would be no loss in undertaking this service. ■

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The Committee regret that the rate of progress in the construction of warehouses has been extremely poor, the State Warehousing Corporations not constructing even one of the 80 targeted for. They feel that now that the Central and State Warehousing Corporations have gathered sufficient experience in the field it should be possible to speed up the opening of new warehouses as well as to undertake construction at places which are assured of custom.

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The Committee hope that the Corporation would proceed vigorously and in a businesslike manner to fulfil the targets laid down for the Third Plan. They recommend that all out efforts should be made to make the warehousing scheme a success so as to draw a larger and larger percentage of marketable surplus into the chain of warehouses.

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The Committee are of the view that local advisory committees can prove very useful in securing co-operation of the local people for the warehousing scheme. They hope that such Advisory Committee will be set up early for all Central Warehouses.

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Such advisory committees may also be equally useful in the case of State Warehouses.

- 11 25 The Committee are of the view that the Advisory Committees should also be utilised to popularise the grades prescribed for various commodities by the warehouses among the business community. The advantages of adopting standardised grades are bound to be appreciated alike by the producer and the trader. These would not only assure higher returns to the producer but also facilitate easier trading, as then the need to conduct trade through samples can be obviated. Mere indication of the grade would be enough for the purchaser to know the exact quality for which he is paying thus eliminating the risks involved in trading through samples.
- 12 27 The Committee trust that due consideration will be given to the measures suggested at the fifth All India Warehousemen's Conference held at Indore regarding the problem of attracting more producers to the warehouses and effective steps taken to implement as many of them as possible. They would also stress the need of adequate publicity. The message of warehousing has to be carried into the rural areas surrounding each warehouse so that the producers are made aware of its uses and benefits and are attracted to it. The warehousemen should play an active role in publicising the system and persuading the producers to deposit their stocks in warehouses.
- 13 30 The Committee recommend that fullest use of the services of the warehousing corporations for storage of foodgrains should be made by the Central and State Governments.
- 14 31 The Committee were surprised to learn that final agreements on the terms and conditions for storage, preservation etc. of civil supplies stocks of foodgrains on behalf of various States and the Central Government have not yet been arrived at except in few cases and that negotiations were still continuing. They are of the view that the matter has been unduly delayed. They recommend that effective steps should be taken to reach an early agreement.
-

1	2	3
15	32	Since the Corporation has not so far taken up any construction work by itself, nor is it likely to do so in the near future, and since even the work carried out so far through C.P.W.D. has not been as much as envisaged, the Committee are not convinced that the work-load fully justifies the need for the post of a high ranking Construction Engineer and supporting staff. They recommend that the matter should be examined carefully and appropriate economies effected.
16	33	The Committee recommend that action should be taken to acquire the title deeds of land acquired by the Central Warehousing Corporation without further delay. In future such title deeds should be acquired simultaneously with the acquisition of land.
17	34	The Committee feel that it is desirable to have a Suggestion Book conspicuously displayed at each warehouse so that the customers may enter in it their difficulties as well as suggestions for improving the working of the warehouses.

APPENDIX VII

Analysis of recommendations contained in the Report

I. CLASSIFICATION OF RECOMMENDATIONS :

- A. *Recommendations for improving the organisation and working*
 S. Nos. 1, 3, 6, 8, 9, 10, 11, 12 and 16 -9
- B. *Recommendations for effecting economy (including those for augmenting income)*
 S. Nos. 2, 5, 7 and 15 -4
- C. *Miscellaneous*
 S. Nos. 4, 13, 14 and 17 -4

II. ANALYSIS OF THE MORE IMPORTANT RECOMMENDATIONS DIRECTED TOWARDS ECONOMY :

Serial No.	No. as per summary of recommendations	Particulars
1	2	Setting up of warehouses in the same or contiguous areas by two different Corporations cannot result in efficiency or economy.
2	5	Every effort should be made to make the Central Warehousing Corporation self-sufficient early.
3	7	There should be no loss in undertaking the proposed service of transporting agricultural produce to and from warehouses.
4	15	Appropriate economies should be effected after examining carefully whether the work load in the Central Warehousing Corporation justifies the need for a high ranking Construction Engineers and supporting staff.

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85. M. Gulab Singh & Sons, Private Limited, Press Area, Mathura Road, New Delhi.
86. The New Book Depot, P.O. Box No. 96, Connaught Place, New Delhi.
87. Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.
88. People's Publishing House, Rani Jhansi Road, New Delhi-1.
89. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
90. Sikh Publishing House Private Limited, 7-C, Connaught Place, New Delhi.
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93. The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C. 2.

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