

**COMMITTEE ON PUBLIC
UNDERTAKINGS
• (1977-78)**

(SIXTH LOK SABHA)

**NINTH REPORT
ON
CENTRAL INLAND WATER TRANSPORT CORPORATION**

**MISMANAGEMENT IN ORGANISATION
ADMINISTRATION AND FINANCIAL MATTERS**

(MINISTRY OF SHIPPING AND TRANSPORT)

[Presented in Lok Sabha on 26-4-1978]

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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8	1.28	3-4	Chairman-cum Managing Director	full time Chairman
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19	1.66	16	(c)case of change in date of birth	(d)cases where recruit- ment Rules not observed
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22	1.78	12	I.K.Sengupta	T.K.Sengupta
22	1.82		Above the heading (vi) Property Returns, insert '(CBI cases continued on pages 24 and 25)'	
23	1.85	3-4	Delete the words 'copy at Annexure'	
24	1.92	After line 6	above sub-item(4) insert (CBI cases continued from page 22)	
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29	1.107	5	802	8081
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40	2.25	5 & 7	Chairman	Chairmen
41	2.29	4	out	and
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94	-	2 (from bottom)	are	as
99	-	15	Paragraph 1.7	Paragraphs 1.7 and 1.99(1)
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COMMITTEE ON PUBLIC UNDERTAKINGS

(1977-78)

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*Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 2-4-1978.

**Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha w.e.f. 9-4-1978.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this Ninth Report on "Central Inland Water Transport Corporation—Mismanagement in Organisation, Administration and Financial Matters."

2. The Second, Fifth and Seventh Reports of the Committee dealing with the "Reckless and Fraudulent Sale of numerous vessels"; "Procurement of Vacuators under mysterious circumstances, Lightering and Stevedoring Operations." and "Inland Water Transport, Objectives and River Services." were presented to the House on 11th, 19th and 24th April, 1978 respectively.

3. It is most unfortunate to find that during the period Shri Chelliah remained Chairman of CIWTC, the Board of Directors functioned as a pliant tool in his hands. On several occasions vital matters like purchase of vacuators were approved by the Board of Directors through circulation of a note. The Board was reduced to a mere 'rubber stamp'.

4. After his appointment as Chairman-cum-Managing Director of the Corporation, Shri Chelliah hurriedly got amended the Delegation of Administrative and Financial Power Rules of the Corporation with the help and support of the Ministry retrospectively from the date of his appointment in CIWTC and assumed to himself wide powers, which he misused with impunity and brought the Corporation to a virtual ruin.

To have selected a person like Shri Chelliah for the post of Chairman-cum-Managing Director is a sad reflection on the method of scrutiny and selection of Chief executives of Public Undertakings by the Public Enterprises Selection Board of the Bureau of Public Enterprises.

5. What is more intriguing is that during the last 3 years from September 1974 to October 1977 the Board approved extension of services/re-employment of superannuated officers in about 15 cases and in some of these cases services were extended three to four times.

6. It is most distressing to note that there has been a lot of 'bungling' in recruitment and promotion of officers and employees

in the Central Inland Water Transport Corporation in contravention of its set rules. While certain employees got undue advantages, some were penalised and dismissed without any reasons or serving a show cause notice to them. In fact it seems that the management got 'energised' during the period of Emergency.

7. There have been as many as over 10 CBI cases against the departmental heads/senior officials of the Corporation for accepting bribe, making huge payments against fictitious vouchers, stealing and pilferage of stores and materials even of such big items as 'Boiler' which was worth over a lakh of rupees, giving contracts and showing undue favours to firms of their relations etc. What is worse is that though in some cases the CBI found the persons guilty of major offence, no departmental action to suspend them till the completion of enquiries or atleast make them proceed on leave was taken by the management.

8. It is regrettable that none of the officers of Central Inland Water Transport Corporation has been submitting immovable property returns regularly for the last 8 years.

From the property returns now filed by the Officers of the Corporation, one cannot but be apprehensive that the assets acquired by some of them may be disproportionate to their incomes.

9. While the top management of the Corporation is squarely responsible for the mounting losses of the Corporation, the Ministry also cannot be absolved of their responsibility in this matter. Though the Ministry was aware of the deplorable conditions prevailing in the CIWTC and had certain studies made by the Bureau of Public Enterprises, no effective measures were taken to tone up the administration of the Corporation and to improve its working.

10. The Corporation has not paid its dues of Provident Fund and Employees State Insurance regularly. What is really baffling is that apart from the amount of employer's contribution, the Corporation also swallowed the employees' contribution for paying the wages of workers which too were paid irregularly and by instalments.

11. Though the Corporation was losing heavily from year to year its overhead expenses rose from Rs. 71.12 lakhs in 1975-76 to Rs. 389.26 lakhs in 1976-77 registering a rise of 450 per cent.

Expenses on travelling allowance alone registered a phenomenal rise of 110 per cent during the last 2 years. This increase is mainly accounted for by the 30 foreign tours undertaken by officers of the Corporation. The Chairman-cum-Managing Director (Shri Chelliah) alone undertook 5 tours and the expenditure thereon was Rs. 1.38

lakhs. In some of these cases no business interests of the Corporation were served and these appear to be merely pleasure trips.

12. The Corporation, which has been losing about Rs. 4 crores a year and whose cumulative losses amount to over Rs. 21 crores, is spending Rs. 11 lakhs per year on staff car expenses, mainly for providing facility to their senior officers.

While the Chairman-cum-Managing Director and Principal Adviser are using staff cars free of cost ninety-six other departmental heads and senior officers are using staff cars, jeeps etc., for coming from their residence to office and back by paying nominal charges of Rs. 16, 30 and 50 per month.

13. The present Financial Adviser and Chief Accounts Officer of the Corporation, who is the custodian of finances and accounts of the Corporation has proved to be thoroughly inefficient, ineffective and dishonest and is not at all equal to the tasks. Without his tacit concurrence, most of the shady deals would not have fructified at all.

14. Though the Corporation has been incurring heavy losses since 1967 and various irregularities and mal-practices have occurred in its functioning, only petty matters have been brought to light in the Audit Reports. In fact the Audit Board has only been a 'rubber stamp' to whatever was observed by the private audit firms.

15. In order to set the matters right, it is necessary that:—

- (i) The Boards of Public Undertakings should consist of a combination of seasoned and dedicated administrators who can devote the required time and energy to the job and people's representatives i.e., Members of Parliament and Legislatures who have no vested interests and who can freely focus attention on irregular and unbusiness-like transactions and dealing of the undertakings by their easy approach and public contacts.
- (ii) The normal practice in the public sector enterprises should be to have a full time Managing Director and a part-time Chairman as the head of the Board.
- (iii) In big cities like Calcutta, Madras, Bombay, Delhi, Bangalore, Hyderabad, etc. all public undertakings, should join hands and have a pool car system in order to effect economy and also to impose effective check on misuse of cars.

(viii)

- (iv) To prevent misuse of cars it is very necessary that cars should be painted in particular double colours (like that of taxis) bearing in bold letters the name of the undertaking in conspicuous places. Cars will not be made available for private purposes under any circumstances. The senior executives of public undertakings should be given a car allowance for maintaining their transport.
- (v) A special Audit of the accounts of the Corporation under Section 233A of the Companies Act be undertaken immediately so that all the accounts and procedures etc., are set right.
- (vi) The system of employing private auditors for auditing public sector undertakings be done away with and the entire audit work be taken over by the Comptroller and Auditor General.

16. The Committee considered and adopted the Report at their sitting held on the 25th April, 1978.

NEW DELHI;
25th April, 1978.

Vaisakha 5, 1906 (Saka).

JYOTIRMOY BOSU,
Chairman,
Committee on Public Undertakings.

MISMANAGEMENT IN ORGANISATION, ADMINISTRATION AND FINANCIAL MATTERS

I

ORGANISATION AND ADMINISTRATION

(a) Board of Directors

(i) Composition

The number of Directors on the Board of Directors of the Corporation is determined by Government from time to time and it is not to be less than two and more than twelve. Since the inception of the Corporation in May, 1967, Government had determined the strength of the Board six times and it is eleven at present consisting of the following:—

Officials:—

1. Chairman-cum-Managing Director of the Corporation.
2. Chief Engineer-cum-Administrator, Inland Water Transport Directorate, Ministry of Shipping & Transport.
3. Financial Adviser, Ministry of Shipping & Transport.
4. Transport Secretary, Government of West Bengal.
5. Transport Secretary, Government of Assam.
6. Jute Commissioner, Government of India, Calcutta.
7. Chief Hydraulic Engineer, Calcutta Port Trust, Calcutta.

Non-officials

8. Regional Director, Shipping Corporation of India, Calcutta.
9. General Manager, Garden Reach Shipbuilders and Engineers Ltd., Calcutta.
10. An industrialist
11. A representative of tea planters. } Vacant

1.2. The Committee noted that the National Productivity Council in their Report on Economies of River Services of Central Inland Water Transport Corporation (December, 1975) had *inter-alia* observed that all the members of Board do not take active interest in revitalisation of the Corporation and members representing industry and trade do not patronise the Corporation for transport of goods of their own concerns”.

1.3. During evidence of representatives of the Ministry of Shipping and Transport, the Committee enquired about the mode and criteria adopted in selecting members of the Board, the Joint Secretary (Shri Mahajan) stated:—

“There are two sets of Directors—officials and non-officials and both lists are to be approved by the Minister. So far as official Directors are concerned we can notify straight-away after the Minister approves, but so far as the non-official Directors are concerned, it has to go to the appointment Committee. We have just received the approval of the Appointment Committee and we may notify these in a day or two.”

1.4. When pointed out that the industrialist and the representative of planters might be taken on an advisory/consultative Committee rather than on the Board which was a decision-making body, he said:—

“This is a question of general Government policy.”

1.5. On being asked to convey the observation of the Committee to the Minister, the Ministry in a post-evidence written reply *inter alia* stated:—

“The question of appointing two more non-officials is under consideration of the Government. A reference has been made to State Governments of West Bengal and Assam to send a panel of names of persons having experience, expertise or interest in the development of I.W.T. and who are of good integrity and have no financial interest in any contract with the Central Inland Water Transport Corporation or any interest in a concern competitive with Central Inland Water Transport Corporation for selection of non-official members.

The Members of the Board of Directors are selected keeping in view the recommendations of the Chairman-cum-Managing Director, Central Inland Water Transport Corporation and an attempt is made to include the representatives of such Governments and bodies, which can be helpful in the activities of the Corporation and can enable the Board to take sound decisions. Three Directors, viz., the Chairman-cum-Managing Director, Chief Engineer-cum-Administrator, Inland Water Transport and Chief Hydraulic Engineer of Calcutta Port Trust have experience of inland water transport.”

1.6. The Committee are unable to accept the statement as true. The Chairman-cum-Managing Director came from Shipping Corporation of India having no experience in the Inland Water Transport. The Chief Engineer is merely a Civil Engineer having knowledge of only civil construction work.

(ii) Important matters sought to be disposed of by Board without quorum

1.7. The Committee noted that in the meeting of the Board of Directors held on 28-10-1977 when only 3 directors (including the Chairman-cum-Managing Director), out of a total number of eleven Directors were present, the Board hurriedly approved extension/re-employment of 3 departmental heads (viz. those of Dr. L. A. Mukherjee, former Chief Medical Officer, Shri N. K. Mukherjee, Personnel Manager and Shri D. N. Guha, Deputy Superintending Engineer).

1.8. During evidence of representatives of the Corporation, the Committee asked how many Directors were they supposed to have on the Board according to their Articles of Association, the present Chairman-cum-Managing Director (Shri Yusuf Khan) stated "it is twelve." When enquired whether there was quorum in the above Board meeting in terms of Article 14 of their Articles of Association which provided that the quorum for a meeting of the Board shall be one-third of the total strength or two Directors whichever was higher, the Secretary (Shri Sarkar) stated "Yes, Sir, there was quorum; nine Directors were on roll on that date; so one third of those 9 is 3".

1.9. When asked whether adequate notice of the meeting was sent to all the Directors and what was the average attendance in Board meeting in general, the witness said "Notices were issued in time. A copy of the minutes was sent to all the Directors and no body raised any objection". Regarding average attendance he said it was 5 or 6.

1.10. The representative of the Ministry (Shri Mahajan), when asked about the validity of the above meeting, stated during evidence "I am told in the next Board meeting, the proceedings of the earlier meeting were held void because of lack of quorum." In a subsequent written reply the Ministry stated:—

"The view of the Government that the quorum for the meeting of the Board of Directors of the Corporation held on 28-10-1977 was not complete, has been conveyed to the Chairman-cum-Managing Director, Central Inland Water

Transport Corporation and the Board of Directors of the Corporation in the subsequent meeting held on 29-12-1977 have held the meeting to be invalid for want of quorum."

This is how Central Inland Water Transport Corporation functions.

(iii) *Role of Government Directors*

1.11. As indicated in Para 150, of their Second Report (1978), the two Government Directors on the Board, especially, the representative of the Ministry, have not at all been effective but were mere pliant tools. They generally acquiesced in all the proposals as submitted by the Chairman-cum-Managing Director without bothering about details or implications thereof.

1.12. The Committee enquired whether the role of Government Directors had been clearly spelt out and whether the present Directors submitted any reports regarding the deteriorating condition of the Corporation, the Ministry in a written reply stated that "the Government Directors have been briefing the Ministry about the developments of the Corporation as a result of which the activities of the Central Inland Water Transport Corporation have been frequently reviewed by the Ministry." Regarding spelling out the role of Government Directors, it was stated that the existing instructions on the duties and responsibilities of Board of Directors (including Government Directors) were spelt out in 1969-70 (vide BPE O.M. No. 2 (34)/69-BPE (GM) dated 7-7-1969 and O.M. No. 2 (9)/70-BPE (GMI) dated 24-1-1970. In so far as Government Directors are concerned these instructions envisage that "the administrative Ministries should develop appropriate arrangements for the briefing of their representatives on the Boards of the enterprises concerned."

All these instructions have remained on paper only and have never been implemented.

(iv) *Annual General Meetings*

1.13. In regard to attendance at General Meetings, Article 27 of the Articles of Association of Central Inland Water Transport Corporation Ltd. provides *inter alia* as follows:—

"(a) The President, so long as he is a shareholder of the Company, may from time to time, appoint one or more persons (who need not be a member or members of the Company) to represent him at all or any meetings of the Company.

- (b) Any one of the persons appointed under above sub-clause who is personally present at the meeting shall be deemed to be a member for the purpose of a quorum and be entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll."

1.14. In pursuance of the above provision in the Articles of Association, the Government of India appointed (vide letter No. 36-IWT (17)/76-P&W, dated the 8th November, 1976) Shri Ram Krishan Bhuchar, Under Secretary, Ministry of Shipping and Transport, Inland Water Transport Directorate, as nominee of President of India for attending the 9th Annual General Meeting of the Corporation held at Calcutta on the 23rd November, 1976.

(b) Chairman-cum-Managing Director—Appointment of Shri Chelliah

1.15. Article 37 of the Articles of Association of the Corporation provides that the President may from time to time appoint one of the Directors to the Office of the Chairman of the Board of Directors and/or to the office of the Managing Director.

1.16. Upto the middle of June, 1975 there was a part-time Chairman and a full time Managing Director of the Corporation. Shri Chelliah was appointed as a full-time Chairman w.e.f. 16-6-1975 and Chairman-cum-Managing Director from 1-1-1976 when the two posts of the Chairman and the Managing Director were combined (scale of pay Rs. 2500-100-3000). He was given the maximum of scale i.e. Rs. 3000/- p.m. w.e.f. 16-6-1975.

1.17. The Government was very anxious to oblige Shri Chelliah that they went to the extent of giving him maximum scale from the very day he was appointed as Chairman of the Corporation for the reasons best know to them. The Committee suspect it is a clear case of nepotism.

1.18. During evidence of representatives of the Ministry, the Committee pointed out that if the principal executive was the Chairman of the Board/Governing Body, it would not be possible to level any criticism against him, the Director-General, Bureau of Public Enterprises (Shri Baveja) said:—

"I am 100 per cent in agreement with you on this particular point. But the other point is, there were cases where on account of the conflict between the part-time Chairman

and the Whole-time Managing Director, both had to be removed because they could not carry on together, because the part-time Chairman began interfering in the day-today affairs of the Managing Director....I am just telling what has prompted the Government to come to this decision."

1.19. Asked whom did the Bureau consult in the matter of appointment of Shri Chelliah as Chairman-cum-Managing Director, Shri Baveja stated:—

"There is a separate machinery set up by Government, the Public Enterprises Selection Board (under the Bureau of Public Enterprises) set up in 1974.....it consisted of two Chief Executives of the public sector enterprises and two Secretaries to the Government. They have recommended."

1.20. When the various wrongs done in the Corporation during the tenure of the Chairman-cum-Managing Director (Shri Chelliah) (theft of a boiler, passing of inflated and fictitious bills etc.) were pointed out, the witness said:—

"I would like to submit that there is much in what you are saying. But when the decision was taken, there were various other considerations also."

1.21. Strangely enough the Government did not spell out what the considerations were which confirm the apprehension that this was a clear case of nepotism. It will be pertinent to mention that these are the instances where persons took advantage of the abnormal situation then prevalent in the administration.

1.22. In this connection the Committee noted that the job description drawn up for the post by the Public Enterprises Selection Board *inter-alia* envisaged that the prospective Chairman-cum-Managing Director would have to work on a time-bound programme in "pulling the Corporation out of the red, correcting the focus of activities which over the years has moved from the inland shipping to ship building and general engineering, improving traffic realisation and ensuring co-ordination both vertically and horizontally between various wings of the Corporation".

1.23. The Committee is amazed to see that the selected candidate who the Committee suspect was patronised by the high-ups in the Ministry not only failed in all the spheres of activities indicated above but in fact he worsened the situation and aggravated problems further.

1.24. The Public Enterprises Selection Board and the Secretary of the Ministry of Shipping and Transport initially considered the names of 27 persons who fulfilled the job requirements. Out of these, it was decided to interview 13 persons and 11 were actually interviewed in April, 1975. On the basis of interview, names of 3 persons in the order of preference (Shri Chelliah being at Serial No. 1) were considered suitable for appointment. Shri Chelliah was Manager Operations in the Shipping Corporation of India, Calcutta (drawing pay of Rs. 2000/- p.m.) with qualifications "Master's Foreign Going Certificate".

1.25. This narration, it is established that the person has no experience of Inland Water Transport whatsoever and as an Operation Manager he had hardly any managerial experience and he was given a rise of 50 per cent in his basic wage and liberal perquisites. The Committee is positive that the man was totally unfit for the job and the money.

1.26. The appointment of Shri Chelliah as Chairman-cum-Managing Director was finally approved by the Minister (Shri Umashanker Dixit) and Minister of State (Shri H. M. Trivedi) in May, 1975. Shri Umashanker Dixit was a senior Cabinet Minister and also was a Treasurer of All India Congress Committee. Shri Chelliah was first appointed as Chairman from 16-6-1975 to 31-12-1975 (on a pay of Rs. 3000/- p.m. in the scale of pay of Rs. 2500—3000) and thereafter as Chairman-cum-Managing Director w.e.f. 1-1-1976 (on the retirement of Shri Yusuf Khan as Managing Director).

1.27. While seeking the approval of the Appointment Committee of the Cabinet for Shri Chelliah's appointment as Chairman-cum-Managing Director w.e.f. 1-1-1976, the Ministry recommended a 3 year period (i.e. up to 31-12-1978) but the Appointment Committee made it for one year up to 31-12-1976. After that one year period was over, the Secretary of the Ministry recommended his (Shri Chelliah's) further continuance as Chairman-cum-Managing Director for 4 years, though different opinion was expressed in the Ministry in this regard and the appointment Committee of the Cabinet approved the same. This shows an unusual anxiety on the part of Shri Ramakrishnayya, Secretary, Ministry of Shipping & Transport to feather the nest of Shri Chelliah for reasons which are not difficult to understand.

1.28. In this context the Committee also noted that the 'Delegation of Administrative and Financial Power Rules' of the Corporation under which the Board had delegated certain limited powers to the Managing Director and the heads of Department, were amend-

ed and the Board approved the revised rules at their 58th meeting held on 22-7-1975, with retrospect effect from 16-6-1975 (i.e. the date on which Shri Chelliah took over as Chairman-cum-Managing Director. Under the revised rules) wide powers were vested in the Chairman-cum-Managing Director.

1.29. This is a very serious matter. The man who was found thoroughly incompetent, unworthy, unreliable and dishonest was not only given maximum of scale but he was vested with the delegation of wide administrative and financial powers of the Corporation and that too with retrospective effect, i.e., from the first date of appointment of Shri Chelliah. The Committee were not able to examine as to what extent this power has been misused. The Ministry should institute a probe to unearth further misdeeds of the Chairman-cum-Managing Director.

1.30. The former Secretary of the Ministry of Shipping and Transport, Shri Ramakrishnayya (now Deputy Governor, Reserve Bank of India), when asked what were the special qualifications of Shri Chelliah for appointing him to the post of Chairman and whether he (Shri Ramakrishnaayya) was in the Selection Board, he stated:—

“This was made on the recommendation of the Public Enterprises Selection Board.—Shri Chelliah’s name was possibly the first in the list sent by PESB.—Generally the PESB maintains a list of persons who are eligible for appointments of this nature. They send the list to the Secretary, who goes through the list and adds some names he wants to. Then a short list is prepared.—In the preparation of short list the Secretary is consulted. In this case I was consulted.”

1.31. Asked how was it that when the recommendation for his appointment was for one year, it was thought that it should be for 4 years, the witness said:—

“On the first occasion, he was appointed for one year. After that one year period was over, the question arose whether it should be continued. At that particular juncture, it is true that I recommended that he should be given a full term, because I believe that when a Chief Executive is appointed, he should be given a fuller term. When I made the recommendation, I did feel honestly that he was showing initiative and trying to work out some im-

provements in the CIWTC . If it has not worked out the way I imagined, I am sorry."

This makes it clear that Shri Ramakrishnayya went out of his way to accommodate this gentlemen.

1.32. In this connection the Ministry of Shipping and Transport in a post evidence written note stated as follows:—

"The selection of Shri Chelliah was made (first as Chairman on 16-6-1975) with the intention of ultimately giving him the post of Chairman-cum-Managing Director. He was appointed a full-time Chairman in June, 1975 and made a whole-time Chairman-cum-Managing Director w.e.f. 1-1-1976. The Selection of Shri K. Chelliah for the Chief Executive of the Corporation was made by the Public Enterprises Selection Board and approved by the Appointments Committee of the Cabinet.

The procedure now followed by Government/Bureau of Public Enterprises in selecting the top executives of Public Undertakings is set out in Government Resolution dated 30th August, 1974 and 23rd November, 1977."

1.33. The Committee understand that Shri Chelliah resigned from the post of Chairman-cum-Managing Director, Central Inland Water Transport Corporation w.e.f. 23-11-1977 and since then Shri Yusuf Khan, Principal Adviser, is working as Chairman-cum-Managing Director "on an *ad-hoc* basis."

(c) Government Control

(i) Matters reserved for prior approval of Government

1.34. Besides the power of appointment of Directors to the Board of Directors, appointment of one of the Directors as Chairman and/or Managing Director and issue of directives, the following other matters are reserved for prior Government approval under the Articles of Association of the Corporation:—

- (a) Appointment of persons who have already attained the age of 58 years whether they are from public or private sector to posts carrying the pay scale of Rs. 2500—3000 and above.
- (b) Appointment of any foreign national except foreign technical personnel to any post in the Company.
- (c) Implementation of schemes involving capital expenditure of and conclusion of contracts of, the value of Rs. 10 lakhs.

- (d) Disposal of any property having an original book value of Rs. 10 lakhs.
- (e) Formation of a subsidiary company or Companies of the Company.
- (f) Any proposal for action relating to the reduction of capital.
- (g) Any proposal for increasing the authorised capital of the Company or calling up of uncalled capital or issuing any un-issued share and fixing the terms and conditions in which the capital to be raised.
- (h) Implementation of Company's five-year plans and annual plans of development and capital budget.
- (i) Execution of any foreign collaboration agreement and/or any contract involving foreign collaboration.

1.35. All other powers including the appointment of Financial Adviser and Chief Accounts Officer, approval of revenue budget (except when it shows deficit which is to be met by obtaining funds from Government), approval to rules and regulations, etc. vest with the Board of Directors.

(ii) *Channel of Communication*

1.36. The Committee noted that practically all the communications even in regard to important matters like disposal of vessels from the Corporation to the Ministry have been addressed by Chairman-cum-Managing Director (Shri Chelliah) to the Under Secretary concerned and replied to by him, though at the top of Ministry's letter-head from it is printed as follows:—

All communications should be addressed to the Secretary to the Government of India, Ministry of Shipping & Transport (Transport Wing), by title, NOT by name.

1.37. The result has been that important letters from the Corporation like delivery of vessels in contravention of Committee's directions have been disposed of at lower levels and were not submitted to the Secretary of the Ministry, as already indicated in para 137 of

their Second Report (1978). The Committee seriously deprecate this. When enquired about reasons for this, the Joint Secretary (Shri Mahajan) stated during evidence that:—

“There is no particular norms as such. He (Shri Chelliah) can write to any officer in the Ministry. In the Government of India there is no hard and fast rule in this regard”.

(iii) Bureau of Public Enterprises

1.38. The Bureau of Public Enterprises was set up in the Ministry of Finance in April, 1965 to provide a central point of reference and consultation on important aspects of management, explore avenues of economy in capital costs, devise steps to improve productivity and profitability, review periodically the working of public undertakings and to present reports and reviews of their working to Parliament or Government agencies.

1.39. The Committee, after acquiring the experience of two undertakings are constrained to state that at no stage of mismanagement malpractice, and irregular conducting of business, the Bureau of Public Enterprises was seen to be of any use to these undertakings to avoid these.

(d) Personnel Matters

(i) Absorption of ex-R.S.N. employees vis-a-vis fresh recruitment

1.40. The Committee were very distressed to note that although a big number of 2,569 Ex-R.S.N. employees, who it is reported were given assurance of getting preferential treatment in the matter of employment in the C.I.W.T.C., were sitting idle and the company had resorted to recruitment of new hands through back door.

1.41. The Committee regret to note that on some pretext or other they have recruited 2,192 persons and it was alleged that in some cases the recruitment was based on political reasons. The ex-R.S.N. employees continue to suffer. The Committee strongly deprecate this action and would require the Government to institute an enquiry in order to fix responsibility for necessary action. In the meantime no further recruitment should be made from outside till all Ex-R.S.N. employees who have not passed their age of superannuation are absorbed.

1.42. Asked about reasons for this the present Chairman-cum-Managing Director (Shri Yusuf Khan) evaded this issue by saying

during evidence that "There may be a reason that RSN officers might have reached superannuation or might be reaching superannuation shortly. This may be the reason why all the people could not be given employment".

1.43. Subsequently, in reply to a question from the Committee, the Corporation forwarded a detailed note indicating the number of RSN Company employees taken over by the Corporation, number of persons recruited annually in each category with reasons therefor and the number of cases in which recruitment and promotion rules were violated.

1.44. The position emerges out to be as follows:—

(1) *Employment position of Ex-RSN Employees as on 31-12-1977*

Category	Ex-RSN Employees as on 4-5-1967	Ex-RSN employees employed by CIWTC upto 31-12-1977	Ex-RSN employees unabsorbed
1. Officer	74	70	4
2. Clerks	1,266	485	781
3. Sub-staff	755	459	296
4. Operatives:	2,044	1,863	181
5. Handling Labour	1,398	182	1,216
6. Pilotage Staff	242	239	3
Floating Staff	2,302	2,214	88
TOTAL	8,081	5,512	2,569

1.45. Reasons for not absorbing all the Ex-RSN Company employees have been stated to be as follows:—

- (i) 4 Officers were not interested to accept employment in CIWTC.
- (ii) Regarding Clerical staff it was decided by the Board of Directors in 1967 that RSN Company had too many clerks and for business of CIWTC only limited number of clerks were required. The Board further decided that employees/workmen who were above the age of 52 years should not be offered employment in the new Company.
- (iii) In the category of "Sub-staff" there were a number of 'Scalemen' who could not be employed as no 'Scalemen' were required in CIWTC.

- (iv) In the category of "Handling Labour" the unabsorbed labourers were serving in the Assam Branch of RSN Company and all of them belonged to Bihar. On 14-1-1973 the CIWTC advertised and asked for applications from such labourers but only 13 applications were received and they were appointed.
- (v) All persons in the category of "Floating Staff" were given employment in CIWTC except those serving as flat clerks, manifest clerks and tally sukhanis as there was no necessity for such staff.

(2) *Number of persons recruited annually.*

Year	Officers	Total	Other employees			
			Clerks/ operatives (including supervisors stenos, clerks, Compounders etc.)	Sub-staff	Handling labour/ workers	Pilotage/ floating staff (i.e. ratings)
1968	Not given	14	14	..	..	..
1969		47	17	..	30	..
1970		116	16	..	100	..
1971		240	23	..	157	60
1972		1111	101	94	878	38
1973		489	42	25	257	165
1974		43	6	13	15	9
1975		62	5	5	26	26
1976		20	11	4	5	..
1977		50	24	15	11	..
TOTAL		2192	259	158	1479	298

1.46. The main reasons given for this fresh recruitment are increase in workload at Rajabagan Dockyard and Kulpi Workshop, staff taken over from Farakka barrage along with vessels and staff taken over from Balmer Lawrie & Co. Ltd., alongwith its public tea warehouses in 1972 as per Government directives, etc.

(ii) *Cases in which recruitment/promotion rules violated*

1.47. Without giving the number of such cases, the Corporation stated that "In recruiting staff in Bangladesh and for our stevedoring Department, Recruitment Rules were relaxed due to urgency and exigencies of operations".

The Committee have strong suspicion that here lies some serious irregularity.

1.48. The Ministry, when asked what policy instructions were communicated by them to CIWTC with regard to providing employment to ex-RSN Company employees, stated:—

"In Clause 7 of the Scheme of Arrangement approved by the Calcutta High Court on 3-5-1967, the following provision was made:—

- (a) That the new Company shall take as many of the existing staff as possible and as can be reasonably taken over by the said transferee Company subject to any valid objection to any individual employee or employees.
- (b) That as to exactly how many can be employed it is left to the said transferee Company's bonafide discretion.

No separate communications was sent to CIWTC by the Ministry with regard to providing employment to ex-RSN Company employees".

1.49. The Committee are of the opinion that the Corporation has not actually complied with the High Court directive in letter and in spirit. The Government also failed to direct the Corporation to ensure that former employees of the RSN Company were taken without any exception.

(iii) *Extension/Re-employment of superannuated officers*

1.50. As indicated earlier the Board at their meeting held on 28-10-1977 hurriedly and in an unseemly manner approved extension/re-employment of 3 departmental heads—namely Shri N. K. Mukherjee, Personnel Manager, Dr. A. L. Mukherjee, former Chief Medical Officer and Shri D. N. Guha, Dy. Superintending Engineer—though the proceedings of the above Board meeting were subsequently, on being pointed out by Committee, treated as null and void.

1.51. In fact the Committee noted from the Minutes of 51st to 69th meetings of the Board held from September, 1974 to October, 1977 that during this 3 years period the Board accorded approval in about

15 cases of extension of services and/or re-employment of superannuated officers. In certain cases services have been extended 4 times e.g., Shri H. K. Sen, former Secretary who superannuated on 31-1-1975 was first given one year's extension upto 31-1-1976; then for 6 months, the twice again for 3 months each time till 31-1-1977. Similarly by the services of Dr. A. L. Mukherjee, Chief Medical Officer were first extended for a year upto 31-8-1976, then further extended upto 31-8-1977 and again extension was sought as indicated in Para 1.50 above. Similarly Major Rabi Roy, Dy. Marine Superintendent who superannuated on 1-7-1976 was first given one year's extension and second time the Board approved that his services "are extended for a period of 2 months w.e.f. 1-7-1977 or for such time thereafter as the Chairman-cum-Managing Director considers necessary in the interest of the Corporation."

1.52. The Committee after acquainting themselves as best as they possibly could with the conduct of the Chairman-cum-Managing Director are of the opinion that these concessions were given in order to subserve their own interests and in that many of them ganged up together to perpetuate numerous irregularities improprieties and mal-practices. The Committee note that the meeting of 28-10-1977 where Shri Chelliah had almost succeeded in getting irregular extension of some of his henchmen had been prevented by the timely detection of the impropriety committed.

1.53. Other officers who were given extension or were re-employed after superannuation include Shri D. N. Dey, Accounts Officer, Shri B. S. Ghosh, Dredging Officer, Shri N. P. Chowdhury, Accounts Officer, Shri R. N. Mallik, Dy. FA&CAO and a number of other persons.

1.54. The case of Shri Yusuf Khan stands out prominently. He retired as Managing Director (scale Rs. 2000-2500) on 31-12-1975. From that date a new post of Principal Adviser was created by the Board on a salary of Rs. 2500/- p.m. (i.e. within the maximum power vested in the Board for creation of posts) with various perks and he was re-employed against that post for one year; thereafter he was given one year's extension. On acceptance of Chairman-cum-Managing Director, Shri Chelliah's resignation by the Ministry and his reversion to parent office i.e., Shipping Corporation of India w.e.f. 23-11-1977, Shri Yusuf Khan was appointed as Chairman-cum-Managing Director "on an ad hoc basis" from that date.

1.55. The Committee are pained to note that whilst the high-ups in the Corporation looked after them very well and feathered their own nests as and when needed the subordinate employees particularly those belonging to the RSN Company at one time, languished and went through severe financial hardships. This is most shameful and deplorable.

1.56. During evidence of representatives of the Corporation, the Committee enquired about reasons for granting these extensions, the then Chairman-cum-Managing Director (Shri Chelliah) stated "This is a part of the normal function of the management. The Board is competent to give extension". When pointed out that the Government was opposed to giving extensions, he said "but they (Government) have not put a ban on extensions". The Committee are surprised to note this observation since it is clear that with Shri Chelliah's contacts in the Ministry at the highest echelon he could manage clearance for any proposals from the Government. Furthermore the Committee deprecate the Government's inaction in the matter of not clearly communicating subsequently the much publicised policy statements against re-employment of superannuated persons. This should be done forthwith.

1.57. The Chief Personnel Manager (Shri Mukherjee) stated "I never requested any officer or the Chairman or the Managing Director to give me extension or re-employment in the Company".

1.58. During evidence of representatives of the Ministry, the Committee enquired whether approval of Ministry was sought for these extensions and what was the general policy of Government regarding giving extensions to retiring officials, the Ministry in a written reply stated:—

"The policy of the Government is that extension of service/re-employment should be justified only in very rare and exceptional circumstances. Even in such cases, 60 years of age should be the dead-line for non-scientific/non-technical posts and 62 years in the case of scientific and technical personnel."

1.59. The Government should now communicate and enforce this urgently without any exception.

(iv) *Recruitment and Promotion and Conditions of Service Rules not observed in several cases.*

It was represented to the Committee that the Corporation had flouted its Recruitment and Promotion and Conduct Rules by giving promotions and even advance increments in several cases, making recruitment of officers and staff without any advertisement, penalising certain members of staff without any show cause notices etc.

1.61. Some of these cases, as revealed during evidence, are mentioned below:—

(A) Cases of Advanced Increments

Name of official	Case Position
1. Shri S. B. Dutta, Stevedoring Manager	He was given an increment of Rs. 200. The Chairman-cum-Managing Director (Shri Chelliah), while admitting this said "I allowed it (increment) on the basis of the salary that he was drawing in C.R.T.C".
2. Shri B. Sanyal, P.A. to FA&CAO	He was given 2 advance increments. The FA&CAO (Shri Biswas) while admitting this said "He works hard and that was the only consideration.
3. Shri T. R. Mathews, Commercial Manager	He was promoted as Commercial Officer and given 7 increments. The FA&CAO (Shri Biswas) while admitting this, said "So far as I recollect it was promotion and increment both".

1.62. From the above, the Committee's observations are reinforced that concessions and relaxations are made in case of persons in higher echelon only. Others are left to languish.

(B) Cases of Termination of Services

Name of official	Case Position
1. Shri Arun Mukherjee, Asstt. Commercial Manager	His services were terminated, salary withheld and he was not allowed to hand over charge. The present Chairman-cum-Managing Director (Shri Yusuf Khan) said "He was in Clearing and Forwarding Department in T.T. Shed and when the business was shrunk we found his services were not necessary. He was on probation and we terminated his services". He was stated to have gone to the Court of Law.
2. Shri S. R. Ghosh	His services were terminated during emergency at the instance of some Trade Union persons, without giving any show-cause notice. The Chairman-cum-Managing Director (Shri Chelliah) said that "his services were terminated on a report submitted by G.M., Rajabagan Dockyard. NO SHOW-CAUSE NOTICE WAS GIVEN TO HIM. His services were terminated according to the Company's rules".

Name of official

Case positions

THE FA&CAO (SHRI BISWAS) STATED "I HAVE RECEIVED ALL THE PAPERS RECENTLY. I HAVE CALLED FOR THE EXPLANATION AS TO WHY HIS SERVICES WERE TERMINATED. ACTUALLY IT SHOCKED ME. HE WAS GETTING A CHANCE TO GO ON DEPUTATION TO THE WEST BENGAL GOVERNMENT. BUT BEFORE FORWARDING HIS ORDERS TO THE WEST BENGAL GOVERNMENT, HIS SERVICES WERE TERMINATED. I HAVE CALLED FOR THE PAPERS. THEY ARE WITH OUR LAWYERS. I TOLD THAT THIS SHOULD BE REPORTED TO THE CHAIRMAN AND HE SHOULD BE REINSTATED".

1.63. This time consuming device was only taken because Committee on Public Undertakings wanted to go deep into these matters.

3. Suspension/dismissal of persons on alleged assault case outside Rajabagan Dockyard.
- The General Manager, Rajabagan Dockyard stated that "there was an unrest between certain workers as a result of which this fight took place at the gate (of Rajabagan Dockyard). Later, an outsider was appointed as an inquiry officer—we suspended some persons from both the groups on the basis of the report. Some people were given the benefit of doubt although the enquiry officer found more persons guilty". He also stated that it happened during emergency.

1.64. Asked whether any complaint was lodged by any workers with the Corporation, Police or Court of law in this behalf, the witness stated "in the Court, as far as I remember, No, Sir; in the police station, Yes, an F.I.R. was made, they did not pursue the case". When asked what authorised them to take the law in their own hands particularly when the incident had taken place outside the precincts of the factory, the Personnel Manager (Shri Mukherjee) stated that "so far as this case is concerned, there is a provision in our standing order that if any worker is found guilty for assaulting or attempting to assault a worker inside the premises, he can be given a charge sheet".

1.65. It is a clear case of personal vendetta and the Personnel Manager had exceeded his authority and got rid of these persons for his convenience. He had not even given a charge sheet although in his evidence he said that the man has been given a charge sheet.

1.66. From the above cases the Committee are firmly of the opinion that there was no rule of law within the company and officials specially the senior officials took liberty as it suited them. This should not happen again in future.

(C) *Case of change in date of birth*

Shri N. K. Mukherjee, Personnel Manager. The date of birth given by Shri Mukherjee at the time of his employment was changed on the basis of date of birth given by him subsequently in his G.P. Fund declaration. The present Chairman-cum-Managing Director (Shri Yusuf Khan) while admitting this stated that "it was done because the Company had accepted the date given in G. P. Fund declaration".

This is ridiculous.

(C) *Case of change in date of birth*

- (1) Appointment of Mrs. Rao, P. S. to Chairman-cum-Managing Director
- When the then Chairman-cum-Managing Director (Shri Chelliah) took over, the Personal Secretary to the former Chairman Shri M. S. Ganguli was transferred and in his place one Mrs. Rao was appointed without any advertisement for the post or writing to Employment Exchange. Shri M. S. Ganguli was appointed as Public Relations Officer. While admitting this, the then Chairman-cum-Managing Director (Shri Chelliah) stated that "Shri Ganguli could not take even a dictat on". Mrs. Rao was stated to have a speed "upto hundred words". Asked whether they advertised the post or wrote to Employment Exchange, he evaded by saying "I do not remember. But she was selected against a stiff competition. This senior post and only for posts carrying salary up to Rs. 500, we are compelled to write to Employment Exchange".

1.67. The statement itself is self-contradictory. On the one hand he says (as was clear in the evidence) that the post was not advertised and in another breath he says that she was selected against stiff competition. The Committee is inquisitive to know against whom she had to compete.

- (2) Appointment of Shri D. N. Guha, Dy. Supdt., Engineer and of Shri Belletty, Jr. Engineer.
- In their cases the posts were stated to have not been advertised. Asked about this, the Personnel Manager (Shri Mukherjee) stated "That I cannot say."

This is a person (Shri Guha) to whom Chairman-cum-Managing Director (Shri Chelliah) wanted to give extension when there was no quorum even in the Board Meeting. The reasons are not difficult to

1.68. As admitted by the Corporation Recruitment Rules had also been "relaxed while recruiting staff in Bangladesh and for their Stevedoring Department."

(v) CBI Cases

1.69. The Committee were informed by the CBI that the following cases have been investigated or are under investigation by them against the officials of CIWTC:—

(1) Against Shri M. D. Khatri, Marine Supdt.

1.70. Calcutta Branch of CBI registered a case on 31-7-1976 against Shri M. D. Khatri, Marine Superintendent, for accepting one T.V. set worth Rs. 6000/- from M/s. Chain Manufacturing Enterprises, Calcutta in January, 1976 without consideration and knowing that he and his department had business transactions with the said firm. After investigations, CBI observed "Referred for RDA (regular departmental action) for major penalty against AI (i.e., Shri Khatri) and banning of business dealings with A2 (i.e., M/s. Chain Manufacturing Enterprises) for a period of 3 years on 18-8-1977".

(2) Against Shri S. K. Gorsia, Stevedoring Adviser

1.71. CBI is investigating an anonymous complaint regarding 'special money' being sanctioned to Shri Gorsia, Stevedoring Adviser on the recommendation of Shri Chelliah, the then Chairman-cum-Managing Director of CIWTC. The matter is still under verification.

(3) Against Shri S. K. Banerjee, Materials Manager and Shri Sudarshan Paul, Stores Clerk.

1.72. CBI, Calcutta, registered a case on 12-8-1977, against Shri S. K. Banerjee, Material Manager, CIWTC and Shri Sudarshan Paul, Clerk, Stores Deptt., CIWTC, Calcutta. The suspects were alleged to have misused their official position and entered into criminal conspiracy with others by allowing a firm M/s. Shanker & Co. of Calcutta to take away one serviceable boiler valuing more than Rs. 1 lakh belonging to CIWTC. The firm M/s. Shanker & Co. removed the boiler alongwith scrap material by loading it on a lorry under Gate Pass signed by Banerjee and prepared by Shri Paul. The boiler was subsequently found at Central Engineering Co., Delhi and was reported to be in safe working condition. Investigation of the case was thus stated to be in progress.

(4) Payment to Dock Labour Board Workers on fictitious Vouchers

1.73. CBI registered a case on 28-9-1977 against the unknown officers of CIWTC "on the allegation of making payments by CIWTC officers to Dock Labour Board Workers on fictitious Vouchers during 1976-77". During investigations, about 14 employees of Dock Labour

Board were stated to have been examined and they admitted to have received such payments for a number of times but could not say definitely whether the LTIs (Left Thumb Impression) were of them. They, however, admitted that whenever they received any payment, they put their LTIs. Specimen of LTIs of those persons had been taken and sent to Finger Print Expert alongwith questioned documents for opinion. The investigation was still in progress.

(5) *Against Shri P. K. Mukherjee, Additional Adm. Officer, CIWTC*

1.74. Shri P. K. Mukherjee was alleged to have given frequent contracts to a firm M/s. Suman Coolth Control, Calcutta, for repairs of Air Conditioners, Refrigerators of CIWTC. The firm belonged to Shri S. Banerjee, reported to be a relation of Shri Mukherjee. The matter was under verification.

(6) *Shri Tapan Kumar Chatterjee, Ex-Supervisor of Stores, Kulpi Workshop, CIWTC.*

1.75. Shri Tapan Kumar Chatterjee misappropriated materials worth Rs. 1138.99 received from M/s. Howrah Motor Co. (P) Ltd. on behalf of CIWTC by not depositing the said materials with Kulpi Workshop. CBI decided "to prosecute the accused in the Court of Law. Allotment of Court was awaited from West Bengal Government". In another case the accused Shri Tapan Kumar misappropriated materials valued Rs. 10,480.17 which he received from M/s. Howrah Motor Co. (P) Ltd. on behalf of CIWTC. CBI has intimated that the case has been put up in the Court on 3-8-1977 for trial of the accused. The Court trial is in progress.

(7) *Against Col. B. M. Sarin, OSD, CIWTC*

1.76. CBI was investigating a case against Col. B. M. Sarin O.S.D. Col. Sarin was alleged to have shown undue favour to one Shri Anil Chakraborty of Calcutta by awarding a contract for demolition of office building and removed of its salvages for Rs. 16000 in a very irregular manner and thereby caused a monetary loss of Rs. 84,000 to CIWTC.

1.77. The property was assessed at Rs. 70,000/- by the Assessor of CIWTC. However, a Civil Engineer of the Corporation estimated the value of the salvaged material at over Rs. 2 lakhs.

1.78. During evidence of representatives of the Corporation, the Committee enquired how many CBI or Vigilance Commission Inquiries, raids and seizures had taken place in CIWTC, who were the officers involved and what action was taken against them de-

partmentally, the then, Chairman-cum-Managing Director (Shri Chelliah) stated:—

- (1) "There was a case against Mr. N. K. Mukherjee, Personnel Manager. That case was enquired into and dropped because there was no substance in the allegations."

When enquired whether during the period of enquiry the officer was allowed to continue in office as before, he said "CBI wanted the matter to be entrusted to an Inquiry Officer and it was entrusted to him accordingly. It was found that there was no substance in the charge. We comply with the instructions of the CBI".

- (2) "There was a case against one Shri I. K. Sengupta, Supdt. Engineer. This was a case only of enquiry and there was no raid".

1.79. Asked what were the charges against him and what action was taken departmentally, the Chairman-cum-Managing Director (Shri Chelliah) stated:—

"It was about selling some drums—a confidential enquiry was made by the CBI and they dropped the matter on payment of a token fine (of Rs. 150)".

1.80. When enquired what departmental action was taken against him, Shri Yusuf Khan (who was Managing Director at the time of case) stated:

"He made the payment (of fine) and was given a recorded warning. The position is that we bought a ship from Japan and Mr. Sengupta was an engineer in-charge of that ship. There were some drums of diesel-oil and these drums were sold."

1.81. On being asked whether he was now holding the same position and was getting increments he said, "Yes".

- (3) "There is a case against Shri Khatri and it is going on. We have reported the matter to the CBI and they have appointed an enquiry officer. It started 20 days back".

1.82. Asked when was the first complaint lodged and what were the charges, he said, "Three/four months back. Alleged acceptance of a gift (a T.V. set)".

(vi) Property Returns

1.83. Photostat copies of property returns, for the year 1977, of 27 officers of the Corporation, which were given by the concerned

officers during the months of September to November, 1977 were first furnished to the Committee. Subsequently, on being further reminded, the Ministry supplied copies of property returns as on 1-1-1977 of 5 other officers (including those of the then Chairman-cum-Managing Director Shri Chelliah) given by them in December, 1977.

1.84. According to the property return declared by the then Chairman-cum-Managing Director (Shri Chelliah) he recently acquired 2 Kusum Apartments flats in Gurusaday Road, Calcutta, value Rs. 2,12,500; besides having moveable property worth about Rs. 2 lakhs. There are also a number of other senior officers of the Corporation who seem to have recently acquired considerable properties.

1.85. In this connection the Committee noted that in April, 1974 the Bureau of Public Enterprises circulated to all public undertakings [vide letter No. 2(121)/73-BPE(BM-I) dated 26-4-1974—copy at Annexure] a set of Model Conduct, Discipline and Appeal Rules, framed by a Working Group (comprising representatives of Central Vigilance Commission, CBI, Department of Personnel, Bureau of Public Enterprises, Ministry of Labour and Employment and certain Undertakings; and advised the Undertakings to adopt the model rules, with such modifications as they might consider necessary, and furnish copy of their finally evolved rules to the Bureau.

1.86. Rule No. 16 of the Model Rules *inter-alia* envisaged that:—

“Every employee shall, on first appointment in the Corporation/Company, submit a return of assets and liabilities in the prescribed form..... Every employee shall, beginning 1st January submit a return of immovable property inherited/owned/acquired once in every two years.”

1.87. During evidence of representatives of the Corporation the Committee enquired from the Financial Adviser & Chief Accounts Officer (Shri Biswas) whether Central Inland Water Transport Corporation offices had been submitting property returns, he said “I have not seen it”. When enquired whether he had himself submitted it, he said “I submitted in 1969 or 1970 and for the last 8 years I had not submitted any return.”

This shows how effective is Bureau of Public Enterprises as far as Public Undertakings are concerned.

1.88. The Committee enquired from the then Chairman-cum-Managing Director (Shri Chelliah) what was his carry-home pay, he said "Rs 1400". When asked how a man getting Rs. 1400 could go to five clubs, he said "I was only a service member. I pay only five or ten rupees." This is far from truth.

1.89. Asked whether he had a race horse, he said "My wife had one almost like a donkey. She purchased it for Rs. 1000 and after one year the horse died." When asked how much did he pay for the purchase of houses, he said "I got it through a Co-operative Society, son and daughter are working. I have a big income".

1.90. During evidence of representatives of the Ministry the Committee enquired why the assets and liabilities returns of Central Inland Water Transport Corporation officers were required to be treated as 'secret', the Joint Secretary (Shri Mahajan) explained that according to the earlier Home Ministry's instructions [Department of Personnel Order No. 25/7/65-Ests(A) dated 6-1-1973] these returns were required to be treated as 'secret' from the public. When asked why these should be kept secret from the Committee, he said "I am sorry, Sir. So far as this Committee is concerned, it is not secret".

1.91. Asked what action did the Ministry take to ensure that the model rules forwarded by the Bureau of Public Enterprises were implemented by the Corporation, the Joint Secretary (Shri Mahajan) stated that the rule regarding property returns by officers of Central Inland Water Transport Corporation was changed in 1973 and according to this "Every employee is required to submit his property returns within three months from the date of his appointment and thereafter every five years. This was based on orders dated 6-1-1973 issued by the Department of Personnel referred to in para above which provided that "Every Government servant shall submit such returns, after the first, at the interval of five years.

1.92. When pointed out that the Bureau of Public Enterprises' instructions were issued thereafter i.e. in April, 1974, and the Public Undertakings could not ignore them, he state, "that is quite right. After that letter of Bureau of Public Enterprises, they should have modified it. We will have to check up what the actual position is:if they have not done it so far, we will ask them to do so."

(4) The other case "was about Shri S. K. Banerjee, Materials Manager, regarding the boiler case."

(5) Regarding the case against Col. B. M. Sarin, OSD, the then Chairman-cum-Managing Director stated that "The matter was being investigated by C.B.I."

1.93. After the Committee on Public Undertakings took up the examination, the Senior Officers were taken to task for delay in holding enquiry on corruption charges. As a result, certain cases have been expedited.

1.94. Captain Khatri has now admitted his guilt and he has been dismissed. The Committee on Public Undertakings have recommended for his prosecution since his involvement in the matter of sale of vessels is of far greater importance and requires further action against him in his case.

1.95. The Committee also note with concern that the performance of the Calcutta Office of the C.B.I. has not been quite upto the expectation.

1.96. The Committee are deeply concerned to note that the Board of Directors of the Corporation constituted as at present of 7 Government officials (including 2 Central Government representatives and 2 State Governments representatives) and 4 non-officials (two representatives of other public undertakings, one industrialist and one representative of tea planters) has been most ineffective in managing the affairs of the Corporation efficiently. In this connection the Committee observed the following disquieting features:

- (1) As indicated in para 150 of Committee's Second Report (1978)—Reckless & Fraudulent Sale of Vessels' the two Central Government Directors merely acquiesced in the proposals submitted by the then Chairman-cum-Managing Director without bothering about details or their financial implication for the Undertaking and the Exchequer. The Committee feel that Government should not have such officers on the Boards of Public Undertakings who do not exercise their independent judgement and are apt to be influenced by the principal executive of the Corporation. It should be their specific responsibility to effectively act as the eyes, ears and hands of the Central Government, keep a close watch on the performance of undertakings and take timely corrective steps when and where called for.

The instructions issued by the Bureau of Public Enterprises in 1969-70 regarding the duties and responsibilities of Board of Directors do not clearly bring out the role expected of Government Directors. The Committee recommended that these should now be spelt out clearly and unambiguously and necessary instructions issued by the Bureau of Public Enterprises expeditiously.

- (2) The representatives of State Governments have also not proved very helpful in improving the working of the Corporation as admitted by the then Chairman-cum-Managing Director (Shri Chelliah). The other official and non-official Board Members do not appear to have interested themselves in studying in depth the problems faced by the Corporation and making constructive suggestions for bringing about economy and efficiency in the working of the Corporation or in its 'revitalisation'. The average attendance at Board meeting has been 5 or 6 out of total 11 members i.e. nearly 50 per cent.

1.97. What is more intriguing is that important items of business like extension of services/or re-employment of superannuated departmental heads were sought to be approved by the management with only three members of the Board including the Chairman-cum-Managing Director. Furthermore, on occasions vital matters like purchase of vacuators were approved by circulation which proves that Chairman-cum-Managing Director was the real man who decided all matters and the Board was a mere 'rubber stamp'.

1.98. The Committee strongly feel that the present pattern of manning the Boards of Public Undertakings requires serious consideration by the Government, as admitted by the Director General, Bureau of Public Enterprises during evidence. In the opinion of the Committee these Boards should consist of a combination of seasoned and dedicated administrators who can devote the required time and energy to the job and people's representatives i.e. Members of Parliament and Legislatures who have no vested interests and who can freely focus attention on irregular and unbusiness like transactions and dealing of the undertakings by their easy approach and public contacts. It would also be advantageous if workers' representatives of proven honesty and integrity are also inducted into the Boards of Public Undertakings. Private businessmen or representatives of producers or consumers, where considered necessary, may be associated with advisory or consultative committees, as in the case of Railways, rather than taking them on the decision making or Governing Boards to remove any possibility of their taking business advantages of the information available to the Boards or leaking out the same. The Committee would recommend that the matter may immediately be examined by Government in all its ramifications and necessary steps taken within 3 months of the presentation of this Report to make drastic changes in the methods of selection of Board Members and to infuse fresh blood in the Boards of all the Public Sector Undertakings.

1.99. The Committee would further recommend that:

- (1) Any payments on account of pay and allowances that may have been made to the 3 officials (namely Dr. I. A. Mukherjee, S/Shri H. K. Mukherjee and D. N. Guha) as a result of extension of their services in an illegal meeting of the Board held on 28-10-1977, should be recovered from those responsible for such an illegal decision.
- (2) Since important business is transacted at the Annual General Meetings of the Public Undertakings, Central Government officials appointed to represent the President of India at such Meetings should be persons of sufficiently higher status, rather than of Under Secretary level as has been done in the case of Central Inland Water Transport Corporation.
- (3) Minutes of every Board meeting of the Public Undertakings should be numbered so as to facilitate future references apart from removing any possibility of tampering with them. The Secretary of the Corporation agreed that this needed to be done.

1.100. The Committee feel that special consideration was shown by Government in appointing Shri Chelliah as the Chairman-cum-Managing Director of the Corporation. Prior to this he was Manager, Operations in the Shipping Corporation of India and drawing pay of Rs. 2000 p.m. He was first appointed as Chairman of the Central Inland Water Transport Corporation on 16-6-1975 and then made Chairman-cum-Managing Director w.e.f. 1-1-1976 and given the maximum of scale i.e. Rs. 3000 p.m. or a lift of Rs. 1000 p.m.; from the very date of his initial appointment on 16-6-1975. He had qualifications as navigator and had no experience of inland water transport. As Chairman-cum-Managing Director he was first appointed for a term of one year and then on the recommendation of the former Secretary of the Ministry (Shri M. Ramakrishnayya) appointed for a further term of 4 years.

1.101. The first thing that he did after appointment was to hurriedly amend the Delegation of Administrative and Financial Power Rules of the Corporation with the help and support of the Ministry and to assume to himself considerable powers, which as revealed in this and other Reports presented by the Committee on the Corporation, have been misused with impunity. In fact he not only belied the high hopes of pulling the Corporation out of the rut and revitalising its operations but brought the Corporation to a virtual ruin. Various irregularities and malpractices were committed by him

and also by his subordinates during the period of his stewardship which have been pointed out by the Committee at various places in the report of the Corporation. In the opinion of the Committee it was an error of judgement to select him for the post. This is a sad reflection on the method of scrutiny and selection of chief executive and other top officials of Public Undertakings by the Public Enterprises Selection Board of the Bureau of Public Enterprises.

1.102. The Committee further note that the posts of part-time Chairman and whole-time Managing Director were combined by Government in two-thirds of public sector enterprises on the plea that the part-time Chairman began interfering in the day-to-day affairs of the Managing Director leading to divided control and conflicts, in the working of the enterprise. The Committee are not at all convinced with this argument for combining the two posts of Chairman and the Managing Director. While it may or may not have some advantages of avoiding a "divided house" but its inherent disadvantages that the "man becomes an autocrat and the Corporation is ruined", as happened in the case of CIWT, outweigh the advantages, if any. Furthermore the arrangement suffers from the drawback that there is no person to sit on judgement as to how the whole-time executives are functioning. If the principal executive is also the Chairman of the Governing Board, it is obviously difficult for other members of the Board to find fault with his acts of omission and commission. Thus the system becomes devoid of any checks and balances. In most of the big private sector enterprises in the country the practice seems to be to have these two separate functionaries. The Committee, therefore, require that the normal practice in the public sector enterprises should be to have a full time Managing Director and a part-time Chairman as the head of the Board. The Committee would recommend that the matter may immediately be examined by Government in all its ramifications so as to bring in the desired changes.

1.103. The Committee note that besides appointment of Directors Chairman/Managing Director and issue of directions, other matters reserved for prior Government approval, are appointment of superannuated officers to posts carrying pay scale of Rs. 2500-3000 and above, implementation of capital expenditure scheme and contracts of the value of Rs. 10 lakhs and of annual five year plans and Capital Budget, disposal of property having original book value of Rs. 10 lakhs and execution of foreign collaboration agreements. All other powers, including the appointment of FA & CAO, approval to revenue budget, approval of rules and regulations etc. vest with the Board of Directors of the Corporation.

1.104. In this connection the Committee observed among others, the following unsatisfactory features in the exercise of powers vested in the Corporation

- (a) As indicated in subsequent paragraphs there have been several cases of grant of extension of services or re-employment of superannuated officers,
- (b) Recruitment and Promotion and Conditions of Service Rules have not been observed in many cases.
- (c) Vessels and property, even those hypothecated to the President of India, worth crores of rupees have been disposed of without seeking Government approval and in complete disregard of normal practices.
- (d) Revenue budget is prepared in a very casual way and there is not much of control over expenditure vis-a-vis the budget estimates, especially on overheads.

1.105. The Committee feel that one of the main reasons for extravagant expenditure and sorry state of affairs of CIWTC is the enormous powers that have been conferred by Government on them, who were not worth it. The purpose of giving this maximum possible operational autonomy to the public undertakings was to enable them to be run with the maximum efficiency. But the experience of CIWTC shows that the management has belied the trust and confidence reposed in them and brought the Corporation to a sorry pass. The same may be true of some other undertakings also.

1.106. The Committee would recommend that Government may examine the desirability of suitably ensuring accountability of the Boards of public undertakings and proper discharge of their responsibilities, which the Committee are distressed to observe has been lacking in the case of CIWTC. For major policy decisions the Government may exercise greater control.

1.107. The Committee note that under clause 7 of the scheme of Arrangements approved by Calcutta High Court, CIWTC was required to absorb as many employees of R.S.N. Co. as could reasonably be taken over. When CIWTC started functioning in May 1967, the total number of R.S.N. Employees of all categories stood at 802. Out of these 5512 employees were absorbed by CIWTC upto 31-12-1977 and remaining 2569 employees were not taken for one pretext or the other.

1.108. The Committee also note that from 1968 to 1977 the Corporation recruited as many as 2192 fresh employees in different

categories including 74 employees taken over from Farakka Barrage in 1971 along with the vessels and 385 employees of Public Tea Warehouses operated by Balmer Lawrie & Co. Ltd. and taken over by CIWTC as per Government directives.

1.109. The Committee are surprised to note that no policy directions were issued by the Ministry with regard to providing employment to ex-R.S.N. employees, as was done in the case of tea warehouses employees of M/s Balmer Lawrie & Co. and the matter was left to the sole discretion of the management of the Corporation. The Committee very much deprecate this lapse. The result has been that over 30 per cent of experienced ex-RSN employees remained idle and have undergone severe hardships including starvation for no fault of their own despite the fact that the Corporation resorted to fresh recruitment.

1.110. The Committee require the Ministry as well as the Corporation to look into the matter and ensure that as many as possible ex-RSN company employees are taken back into employment as early as possible.

1.111. The Committee note that the Board of Directors approved extension/re-employment of 3 superannuated departmental heads viz. Shri N. K. Mukherjee, Personnel Manager; Dr. A. L. Mukherjee, Chief Medical Officer and Shri D. N. Guha, Deputy Superintendent Engineer at their meeting held on 28-10-1977 which was subsequently declared as null and void for want of valid quorum. The Committee have already touched on this aspect in paragraph 1.7.

1.112. What is more intriguing is that during the last 3 years from September 1974 to October 1977 the Board approved extension of services/re-employment of superannuated officers in about 15 cases and in some of these cases services were extended three to four times. Another method adopted was to re-employ a superannuated officer and go on giving extensions to him.

1.113. The Committee feel that no person is indispensable or so outstanding as to justify his continuance in Service beyond the date of superannuation. However, in very rare cases where the extension of service may be justified for scientific and technical posts the public undertakings should seek the approval of the Secretary of the Ministry.

1.114. The Committee are distressed to note that there has been a lot of 'bungling' in recruitment and promotion of officers and employees in the CIWTC in contravention of its set rules. While certain employees got undue advantages, some were penalised and

dismissed without any reasons or serving a show cause notice to them. In fact it seems that the management got 'energised' during the period of Emergency.

The Committee would recommend that:

- (1) Government may review all the cases of victimisation, especially during the Emergency in the Corporation with a view to giving necessary relief wherever called for. Cases of violation of Recruitment, Promotion and Conduct rules may also be reviewed with a view to fixing responsibility for giving undue favouritism or becoming vindictive.
- (2) All rules and regulations of public undertakings, especially Recruitment and Promotion Rules, Conduct Rules etc. should have the approval of Government as also any amendments or deviations therefrom.

1.115. The Committee are shocked to learn that there have been as many as over 10 CBI cases against the departmental heads/senior officials of the Corporation for accepting bribe, making huge payments against fictitious vouchers, stealing and pilferage of stores and materials even of such big items as 'Boiler' which was worth over a lakh of rupees, giving contracts and showing undue favours to firms of their relations etc. There may also be number of other cases investigated by the Company's own Vigilance Organisation.

1.116. What is worst is that though in some cases the CBI found the persons guilty of major offence, no departmental action to suspend them till the completion of enquiries or at least make them proceed on leave was taken by the management. On the other hand the top hierarchy seem to have been shielding them by taking recourse to delayed departmental action and allowing them to attend office.

1.117. The Committee would recommend that the Ministry should take expeditious action to rid the Corporation of all the persons found guilty or of doubtful integrity, especially at the higher echelon. The Committee are also aware that some of the top officers of the Corporation have either reverted to their parent public undertakings/offices or joined other public undertakings/private concerns or retired/may be retiring. No time should be lost in taking prosecution proceedings against them wherever necessary. The case of Capt. Khatri should be examined with the object of launching a criminal prosecution against him.

1.118. The Bureau of Public Enterprises may also examine the matter in a detailed manner with a view to learning lessons and issuing suitable instructions for the guidance of other public undertakings.

1.119. The Committee also note that under the Vigilance Manual, after the CBI has investigated a case and given their findings a further enquiry is required to be held by an officer of the Vigilance Commission and it is only after he had given his report that the punishment to the guilty officer could be awarded. The Committee would like the Central Vigilance Commission to review the existing procedure with a view to ensuring quick departmental action and awarding due punishment expeditiously. The role of Calcutta Office of the CBI may be mentioned here as being far from satisfactory.

1.120. The Committee are deeply concerned to note that none of the officers of CIWTC has been submitting immovable property returns regularly for the last 8 years, despite provisions in their Conduct Rules 1970 for such returns to be rendered "every year" and which were later amended in 1973 to provide for submission of these returns "every five years".

1.121. It is also intriguing that the Corporation did not modify its Conduct Rules to bring them in conformity with the Model Conduct, Discipline and Appeal Rules framed by a working Group comprising officials of the Central Vigilance Commission CBI and others and circulated by the Bureau of Public Enterprises to all public undertakings in 1974, which called for rendering of such returns "every two years". What is still worse is that though, the instructions issued by the Department of Personnel in 1973, on the basis of which the relevant Conduct Rule was amended by the Corporation to provide for five yearly returns, were modified in 1976 calling for rendering these returns "every year", no corresponding action was taken by the Corporation.

1.122. This is yet another instance of disregard of Rules by the management of the Corporation. In fact it seems that the top hierarchy of the Corporation being corrupt themselves, was not interested in enforcing the rules which naturally would have applied to them as well.

1.123. From the property returns now filed by the Officers of the Corporation, the Committee are apprehensive that the assets acquired by some of them may be disproportionate to their incomes. The Committee would, therefore, recommend that the CBI may im-

mediately move in the matter and institute enquiries with a view to find the truth.

1.124. The Committee are also not happy that neither the Bureau of Public Enterprises nor the Ministry bothered to see that the model rules and guidelines issued by them were enforced by public undertakings. In fact no body in this Corporation took much notice of the Bureau of Public Enterprises. It is futile and wastage of time and energy to issue instructions if they are not to be followed up and implemented. The Committee would recommend that Government may now check up the position obtaining in all the public undertakings and issue fresh clear-cut instructions enjoining on all officials of public undertakings to give immovable property returns every year in accordance with the latest instructions issued by the Department of Personnel.

1.125. The Committee are constrained to note after minute examination within the permissible time, that the management of CIWTC not only proved of any worth or responsibility but comprised of corrupt officials most of whom were disinterested in their respective jobs. It is necessary that the CIWTC is manned by worthy persons with the required background, integrity and honesty. The present set up of officials almost without exceptions need to be replaced gradually but as speedily as possible lest the river transport system stands condemned once again.

II FINANCIAL MATTERS

(a) Capital Structure

2.1. The authorised and paid-up capital of the Company at the end of 1975-76 stood at Rs. 1000.00 lakhs and Rs. 584.73 lakhs respectively.

(b) Financial position and working results

2.2. Table below indicates the financial position of the Company under broad headings for the last three years:—

	(Rs. in lakhs)		
	1973-74	1974-75	1975-76
<i>Liabilities :</i>			
(a) Paid up capital	400.00	469.00	584.73
(b) Reserves & Surplus . . . . .	..	..	..
(c) Borrowings :			
(i) From Govt. of India	769.52	1,023.74	1,400.42
(ii) From Bank	88.21	100.75	108.60
(d) Trade dues & other current liabilities (including provisions)	1,172.98	1,469.82	1,854.41
TOTAL	2,490.71	3,063.31	3,948.16
<i>Assets :</i>			
(e) Gross Block	441.26	465.44	501.71
(f) Less Depreciation	108.50	129.45	150.07
(g) Net Fixed Assets (e-f)	332.76	335.99	351.64
(h) Capital Work in progress'	157.83	111.52	119.72
(i) Investment	1.61	1.61	1.64
(j) Current Assets & Loans and Advances etc.,	995.82	1,304.82	1,666.21
(k) Misc Expenses, Development Expenses and losses not written off	942.69	1,239.37	1,208.95
	2,490.71	3,063.31	3,948.16
Capital Employed:	155.60	170.99	163.44
Net Worth	(-)542.69	(-)770.37	(-)1,224.22

NOTES : 1 Capital employed represents net fixed assets plus Working Capital.
2 Net worth represents paid-up capital plus reserves less intangible assets.

2.3. The Corporation has been suffering losses from the very first year of its inception i.e. 1967 and the cumulative loss sustained by it till 31st March, 1977 amounted to Rs. 2143.87 lakhs. The losses incurred during each of the last 4 years, which have been amounting were as follows:—

Year	Loss (in lakhs of rupees)
1973-74	225.95
1974-75	272.91
1975-76	398.29
1976-77	447.29

Thus it would appear that at the end of 1975-76, the Company's net worth stood at (—) Rs. 1,224.22 lakhs against the paid up capital of Rs. 584.73 lakhs. Total borrowings from the Government of India amounted to Rs. 1400.42 lakhs. The debt-equity ratio being 2.39:1. In this connection, the Corporation stated in its Annual Report for 1975-76 that they had already "approached the Government for restructuring the debt-equity ratio 1 : 1 as approved by the Government of India in 1972" for Public undertakings in general. Borrowings from the bank amounted to Rs. 108.60 lakhs at the end of 1975-76. During evidence, the Committee enquired from the Financial Adviser & Chief Accounts Officer of the Corporation (Shri Biswas) the present position of overdraft taken by them. He stated that "official overdraft (with the bank) is Rs. 90 lakhs. There is another clean overdraft (from the Government) for Rs. 40 lakhs. The total is Rs. 130 lakhs."

2.4. Asked about the rate and the amount of interest paid by the Corporation, the witness stated that "with the bank it is 16-1/2 per cent, on Government loan, the rate on latest loan is 10-1/2 per cent. In 1976-77 the interest paid was Rs. 2.07 crores."

2.5. In his report (1974) Shri Fernandes highlighted the critical ways and means position of the Company in the following words:—

".....The Company has carried forward sundry creditors and other liabilities of a large magnitude and its credit rating in the commercial world is understood to be rather poor, and it is unable to obtain any further material on credit from suppliers.

The ways and means position of the Company is, therefore, extremely critical and it is living on a hand to mouth

basis. Currently, the monthly wage bill alone is of the order of Rs. 20 lakhs—As things stand, the Company would soon be reaching a stage where it will not even be in a position to pay the wages to the employees. Even payments of Company's contribution to Provident Fund as well as collection from employees into their Provident Fund is very much in arrears."

(c) Provident Fund and Employees State Insurance Arrears

2.6. Table below shows the position of arrears of Corporation's provident fund and Employees State Insurance dues during the last 4 years:—

Year	(Rs. in lakhs)			Total
	Employees' Contribution	Employees' Contribution	Loan recovery	
P. F. Arrears :				
1973-74	12.89	21.40	4.28	38.57
1974-75	25.32	29.07	11.48	65.87*
1975-76	24.32	28.91	(—)5.79	47.44
1976-77	16.54	12.79	(—)16.67	12.66**
E.S.I. Arrears :				
1973-74	0.67	1.33	..	2.00
1974-75	..	..	..	..
1975-76	..	..	..	..
1976-77	0.46	0.91	..	1.37

*This figure given to the Board at their 69th meeting held on 28-10-77 was Rs. 70.89 lakhs.

**During evidence FA & CAO (Shri Biswas) stated this figure to be Rs. 29.48 lakhs including interest.

2.7. Thus, it would appear that the arrears of Provident Fund have been as high as Rs. 65.87 lakhs in 1974-75 and of the E.S.I. Rs. 2 lakhs in 1973-74. At the end of 1976-77, these stood at Rs. 12.66 lakhs and Rs. 1.37 lakhs, respectively. Not only the employer's contribution but even the Employees' contribution has not been deposited with the concerned authorities.

This is a serious criminal offence.

2.8. Furthermore, the Board of Directors at their 69th meeting held on 28th October, 1977 approved the payment of interest of

Rs. 4.51 lakhs by the Corporation to the Regional Provident Fund Commissioner for non-payment of dues on due dates in the year 1974-75 alone..

2.9. During evidence of the representatives of the Corporation, the Financial Adviser & Chief Accounts Officer (Shri Biswas) stated that they had since "cleared all the arrears" of Provident Fund. When asked whether the amount was claimed as an expenditure in the Profit and Loss account of the concerned year, he said that the employer's contribution and interest were charged to Profit and Loss Account.

2.10. Asked why could they not even deposit the employees' contribution, he said "what could I do when I could not pay the wages to the workers? I had to do it from the collection." When enquired whether they had been paying salaries and wages regularly he said "sometimes by instalments. For the last one year it has not been done regularly."

This is a miserable state of affairs.

2.11. In this connection the Committee also noted that the Corporation has been appointing private auditors since 1973-74 to update its Provident Fund account.

From 1971-72 onwards M/s. Sake & Co. has been appointed.

2.12. During evidence, the Financial Adviser and Chief Accounts Officer (Shri Biswas) stated that "Rs. 7,500 for each year's account was paid originally (to Sake & Co.). They incurred losses... It was raised to Rs. 10,000". When asked why their own staff could not do it, he said "In one month we had to pay to the Provident Fund Clerical staff an overtime of Rs. 11,000. The work could not be completed but the employees wanted Provident Fund statements."

2.13. It was brought to the notice of the Committee that the Financial Adviser & Chief Accounts Officer of the Corporation had some relation with M/s. Sake & Co. During evidence, the Committee enquired about this from the Financial Adviser & Chief Accounts Officer and asked how often he visited this firm, he said, "I have no relation except the audit" and that he visited them "once in half-a-month". When asked why should a client visit the auditors, he said, "We have engaged them for clearing our provident fund accounts which are in arrears for the last three years."

(d) Overhead Expenses

2.14. A statement showing the expenditure incurred by the Corporation during the last 2 years on overheads like postage telephone

staff car expenses, travelling expenses, entertainment, advertisement, etc., together with reasons for increase (as furnished by the Corporation) is given at Annexure I.

2.15. It will be seen that the total overheads expenses rose from Rs. 71.12 lakhs in 1975-76 to Rs. 389.26 lakhs in 1976-77, i.e., an increase of Rs. 318.14 lakhs or 450 per cent in one year. While most of it is stated to be on account of stevedoring and grain lightering operations which have been discussed by the Committee in other Reports on the Corporation, the increase under certain other items like telephones, entertainment expenses, travelling allowance, staff car expenses etc. has also been phenomenal. The Committee have already discussed the entertainment expenses of the Corporation in their First Report on Extravagant and Infructuous Expenditure on Entertainment by Public Undertakings. The position regarding some of the other items of overhead is dealt with in paragraphs that follow:

(i) *Travelling Allowance Expenses*

2.16. Table below shows the conveyance and T.A. expenses of the Corporation during the last three years:—

Year	Rs. in lakhs
1974-75	1.88
1975-76	3.07
1976-77	3.97

2.17. The increase of over 110 per cent in the Travelling Allowance expenses was explained as due to "increase in foreign tour/inland tour due to diversification of business."

2.18. The Committee asked for full details of the foreign tours undertaken by the officers of the Corporation since 1975. A statement showing particulars of these tours undertaken from August, 1975 to August, 1977, giving the expenditure involved in each case, countries visited, purpose of visit etc. (as furnished by the Corporation) is given at Annexure II.

It will be seen therefrom that during the above 2 years, 30 foreign tours were undertaken by 17 officers of the Corporation.

2.19. Of the 9 tours to other countries five were undertaken by the then Chairman and Managing Director (Shri Chelliah) alone (2 to USA and 3 to U.K., Saudi Arabia, Norway etc.) and one each by Financial Adviser and Chief Accounts Officer (Shri Biswas) to Greece; Adviser, Stevedoring (Shri Gorsia) to Jeddah/UAR/UK; Manager, Stevedoring (Capt. Sindhawani) to Jeddah and Sr. Mechanical Engineer (Shri S. Dutta Gupta) to Japan. Total ex-

penditure on these 9 tours was Rs. 2.11 lakhs, out of which Rs. 1.38 lakhs was on the 5 tours of the then Chairman-cum-Managing Director (Shri Chelliah).

2.20. Asked how was it that on his one trip of 15 days to USA (from June 5—20, 1976) the expenditure was Rs. 40,985, the then Chairman and Managing Director (Shri Chelliah) stated during evidence that this amount included about Rs. 30,000 for ticket.

2.21. About visit to Saudi Arabia and UK (From May 4—15, 1977) he said "we were supposed to get a 30,000 dollar stevedoring contract (in Saudi Arabia)" and that Mr. Gorsia, Stevedoring adviser also accompanied him. When enquired whether they got this contract, he said "we got the second contract. Not this one".

2.22. Asked why did he go from Saudi Arabia to London, he said "we had to get hold of the parties who would supply cranes because we were supposed to start the work in Madras within three months. Secondly, no tickets were available there and they (travel agents) were prepared to give it to us in writing." When enquired whether he got anything in writing, he said "No, not now."

2.23. Asked whether he rendered a detailed account to Corporation after return from foreign visits he said, "we have no rules under which an account is to be rendered."

In this connection the Corporation in a written reply stated that:—

"There is no system in this Undertaking for submission of formal tour reports."

2.24. The Ministry on being asked whether (a) the foreign tours were approved by them; (b) whether the concerned officer gave any reports on return benefits derived and (c) reasons for the Chairman-cum-Managing Director not rendering accounts of the money spent abroad and what were the Bureau of Public Enterprises instructions in this regard, forwarded details of the aforesaid 9 tours (as received by them from Central Inland Water Transport Corporation) giving expenditure on air passage etc. and stated as follows:—

"(a) The approval of the Ministry of Shipping & Transport is not required for foreign tours of Chairman-cum-Managing Director, CIWTC, according to the instructions issued by the BPE. This is most surprising.

- (b) Shri K. Chelliah did not submit any formal report to the Ministry of Shipping and Transport but intimated the results of his trips in most of the cases. The CIWTC has intimated that formal reports "were not submitted to the Board of Directors also but the Board was kept informed through Agenda Notes."

2.25. During the evidence of former Secretary of the Ministry (Shri M. Ramakrishnayya—now Deputy Governor, RBI), the Committee asked about reasons for his approving Shri Chelliah's trips to U.S.A. for vacuvator business, etc. He stated:—

"As far as foreign trips by Chairman of public sector undertakings are concerned, the policy of the Government has been that the Chairman can decide these things themselves and keep the Secretary informed. No specific approval from the Government is necessary in these cases. They only keep us informed."

(ii) *Staff Car Expenses*

2.26. Table below shows the staff car expenses of the Corporation during the last 5 years:—

	(Rs. in lakhs)
1972-73	5.50
1973-74	8.56
1974-75	9.29
1975-76	10.81
1976-77	10.66

2.27. The Corporation has a fleet of 60 vehicles (15 Ambassador cars, 19 jeeps, 3 pick-ups, 16 trucks and tractors; 2 ambulance vans and 5 motor cycles).

Besides providing free staff car facility to the then Chairman-cum-Managing Director (Shri Chelliah) Shri Yusuf Khan—now *ad-hoc* Chairman-cum-Managing Director, 96 other officers as per list at Annexure III were using company's car, jeeps, pick-ups for journeys between residence and office and back by paying the following charges:—

- | | |
|--|-------------|
| (i) Heads of Departments using staff cars | Rs. 50 p.m. |
| (ii) Officers other than Heads of Deptts. using cars in groups | Rs. 30 p.m. |
| (iii) Officers picked up by Route cars (Mini buses/Jeeps) | Rs. 16 p.m. |

2.28. The Chairman-cum-Managing Director and the Principal Adviser were also allowed use of staff cars for private purposes

upto 500 kms. a month on payment of Rs. 100 p.m. which works out to 20 p. per km. This is highly subsidised, the outside rate being about Re. 1 per km. The excess over 500 km. being charged at 0.50 p. per km.

2.29. During the evidence of representatives of the Corporation, the Committee enquired from the Financial Adviser and Chief Accounts Officer (Shri Biswas) how many officers were not charged, he said "Chairman, out Principal Adviser are not charged anything. But they pay Rs. 100 p.m. for using the cars for their personal purpose." He also stated that they did not have their own cars. When asked why Chairman-cum-Managing Director paid Rs. 100 a month when a car was given to him.

he stated:—

"He does not pay. But for his personal use, Rs. 100 we charge. This is according to the log book. The CMD is entitled personal use of the staff car upto 500 km. per month on payment of Rs. 100 p.m. A recovery is made from them at the rate of fifty paise per km. (for excess mileage)."

2.30. When enquired whether at any time they paid extra money besides Rs. 100, he said, "on one or two occasions they have paid." According to a written reply, a sum of Rs. 554.50 had been recovered from the then Chairman-cum-Managing Director (Shri Chelliah) and Rs. 2335.30 from Principal Adviser (Shri Yusuf Khan) for additional mileage during the last three years.

2.31. He (Shri Biswas) also stated that he himself was using the staff car for going from his residence to office (about 7 kms.) and back against payment of Rs. 50 p.m.

2.32. This works out at about 14 k.m. a day which for 25 working days works out to 350 km. and would cost nearly Rs. 350. But for this they are charging Rs. 50 only. Therefore the subsidy is Rs. 300 p.m.

2.33. Shri P. Sen, Senior Deputy Financial Adviser and Chief Accounts Officer, who was paying Rs. 16 p.m. for use of jeep stated that for him the jeep came to his residence in Chidiamore, Calcutta from TT Shed (a distance of about 12 to 15 km.) took him to office another 6 kms. and made 4 trips a day for him i.e. total 84 kms. When pointed out that assuming the running cost of the jeep in the congested area of Calcutta at Rs. 2.50 per km., total worked out to over Rs. 200 per day or about Rs. 4,000 p.m. roughly, he said, "There are two other officers also who come along with me."

234. Asked how much, according to their calculations, were the total upkeep/running costs of a car, the then Chairman-cum-Managing Director (Shri Chelliah) said, "Nothing less than Rs. 2,000 per month."

235. When asked under what rules he had been allowing this transport facility to the officers, he said "That is the discretion of the Chairman and the Managing Director. I am empowered to allow the transport free to any officer.' This is how the Chairman-cum-Managing Director was running the company by misusing his ill-gotten authority.

236. Asked why did they require such a facility when the officers were within a distance of hardly 7 miles in Calcutta and the cars might be extensively used or misused for private purposes, the witness (Shri Chelliah) stated, "The Officers are not able to get proper public conveyance between Rajabagan Dockyard and the office (at Fairlie Place) there are only one or two buses running there." This is totally false.

237. When pointed out that they were losing over Rs. 4 crores a year and were spending Rs. 11 lakhs on Transport alone, he said, "Previously officers going to Rajabagan were given free transport, but now I am charging them—for the mini bus and the bus it is Rs. 16 a month." Which he said worked out to 8 annas a day. When enquired what was the public bus fare, he said, "I am not aware of the bus fare, but it must be 4 annas in any case."

He did not mention the fare of the mini bus which is 4 times the fare of the bus.

238. On being enquired whether there were any reports that the cars were used for private purposes, the witness stated:—

"The Heads of the Departments are allowed to use cars. They are sharing the cars and they are paying Rs. 50 for going to their residences and coming to office. There are two officers for whom the cars remain at their residences. One of them is Ship Repair Manager. Repair of ships cannot be done during day time and it is done mainly in the night."

239. These are glaring instances where money was being spent without any check for the convenience and advantage of officials.

Expenditure on hired cars:

240. The Committee also enquired what, if any, was their expenditure on hired cars, the then Chairman-cum-Managing Director

(Shri Chelliah) stated "we very seldom resort to hire cars. It is very negligible." Later on from the written reply it became evident that this reply was misleading and false.

2.41. In a subsequent written reply to a question as to what expenditure was incurred on the hiring of cars during the last 3 years what were the reasons therefor and who were the VIPs for whom the cars were hired and the business interests served therefrom, the Corporation stated:—

"The expenditure incurred on hiring of cars during the years 1975-76 and 1976-77 was Rs. 5655.00 and Rs. 5828.10 respectively. It would appear from the statements (at Annexure IV) that the expenditure mainly related to car hire made in Delhi for use of CMD/Principal Adviser in connection with Company's work. In Calcutta cars were occasionally hired for use during Board's meetings and sometimes for Company's work when the departmental cars were out of order. No cars were hired for other VIPs during the period."

2.42. It will be seen from the above statements that during one year 1976-77 tourists cars were hired in Delhi on 23 occasions mainly for Chairman-cum-Managing Director at a total cost of Rs. 4849 which would work out to an average of over Rs. 200 each time. From this calculations could be made that Chairman-cum-Managing Director's use of company's car could be valued at about Rs. 6,000 per month.

2.43. In this connection the Committee noted that the Estimates Committee of Parliament in their 50th Report (3rd Lok Sabha) had made a number of recommendations to curtail the staff car expenses of the public undertakings. Pursuant to that Government decided that the staff car facility should normally be allowed to the Chief Executive only.

2.44. The Committee enquired from the Ministry (a) what were the reasons for such an expenditure on staff cars and whether it was justified in a losing concern like CIWTC; (b) what were the reasons for non-implementation of Government decision referred to above; (c) what, if any, were the difficulties in giving a suitable conveyance allowance to the Chief Executives of Public Undertakings in place of facility of staff car and (d) whether Government had laid down

any scale of staff cars, jeeps etc. to be maintained by Undertakings. In reply, the Ministry stated as follows:—

- (a) This is a matter for Board of Directors to decide. According to BPE's instructions provision of transport from office to residence and *vice versa* can be arranged for the officers on the basis of recovery of cost. The Corporation is being asked to review the question of provision of this facility and the rates charged therefor, keeping in view BPE's instructions and financial position of the Corporation.

(e) Revenue Budget

2.45. The Committee asked for copies of detailed Budget Estimates of the Corporation for the years 1976-77 and 1977-78. In reply, the Corporation forwarded copies of Revenue Budget 1976-77 (Provisional); 1977-78 (Revised Estimates) and 1978-79 (Budget Estimates)—given at Annexure V.

2.46. It is noted from these estimates that the revenue budget is prepared by the Corporation under the following 3 broad heads, unit/activity-wise:

1. Rated capacity/attainable capacity/anticipated level of production—In the above 3 years, no estimates have been shown under this head on the ground that “the Company is engaged in diversified activities of varying nature of product and services viz. General Engineering/ship repairs construction jobs, Auto Body Building/Lighterage/oil operation etc., it is not possible to establish unit costs and rated capacity/attainable capacity.”
2. Anticipated Sales/Realisation—Given the earnings broadly.
3. Cost of production—giving the expenses broadly.

2.47. Thus the budget estimates prepared by the Corporation could hardly be treated as base on any sound budgetary system. They seem to look upon the budget estimates as a device for obtaining funds rather than as an instrument of control and review of actual performance by the management. The Financial Adviser and Chief Accounts Officer of the Corporation admitted during evidence that they were not preparing budget estimates in as detailed a manner as in Government.

(f) Sundry Debtors

2.48. The following table indicates the value of book debts vis-a-vis sales of the Corporation:—

As on	Total Book debts			Sales	% of Debtors to sales
	Considered Good	Considered Doubtful	Provision		
31-3-1974	231.03	50.23	26.52	516.60	55.80
31-3-1975	290.28	50.80	26.52	428.67	79.57
31-3-1976	389.61	54.61	26.52	490.71	90.58

The Sundry Debtors represented about 6.7 months' turnover in 1973-74, 9.5 months in 1974-75 and 10.9 months in 1975-76.

2.49. Details of debts outstanding for more than one year as on 31st March, 1976 were as follows:—

	(Rs. in lakhs)		
	Govt. Deptt.	Private Parties	Total
(1) Debts outstanding over 1 year but less than 2 years	47.80	1.29	49.09
(2) Debts outstanding over 2 years but less than 3 years	75.49	2.70	79.19
(3) Debts outstanding for 3 years and above	111.59	38.30	149.89
	<u>234.88</u>	<u>42.29</u>	<u>277.17</u>

2.50. The Financial Adviser & Chief Accounts Officer of the Corporation (Shri Biswas) stated during evidence that the amount of sundry debtors as at the end of 1976-77 was over Rs. 4.37 crores of which Rs. 116.64 lakhs were due from Central Government Departments; Rs. 19.16 lakhs from State Governments; Rs. 294.91 lakhs from Government Undertakings, etc. and Rs. 57.06 lakhs from private parties. Doubtful debts as at end of 1976-77 were stated to be Rs. 61.46 lakhs. Most of the outstandings were stated to be for work done at Rajabagan Dockyard. Book debts outstanding for more than 3 years were stated to be Rs. 52.66 lakhs from Central Government Departments and Rs. 35.40 lakhs from private parties.

2.51. Asked what steps had been taken to recover dues over three years old from private parties, the witness stated "Most of the bills

have been disputed according to the private parties and we are taking up the matter in right earnest and the position is good as compared to last year". When enquired how much they had written off during the last 5 years, the witness stated "By 1975 year ending we have written off only Rs. 11,733 and in 1976 we have not written off anything".

(g) Other deficiencies in Accounts & Audit

(i) Physical verification of Stocks stores, not done

2.52. In the 9th Annual Report of the Corporation for the year 1975-76, the Auditors (M/s. Lodha & Co.) *inter-alia* observed that:—

"The Company has not carried out physical - verification at reasonable periods of its stocks, stores, spare parts and raw materials. Net shortages observed on part physical verification of stocks and stores at the Company's Rajabagan dockyard and Kalpi Workshop carried out 3 to 4 years ago amounting to Rs. 4.77 lakhs have not been dealt with in the books of accounts, as according to the management, the results are not final and subject to further verification."

2.53. During evidence of representatives of the Corporation, the Committee enquired whether it was a fact that stores taken over from R.S.N Company had not been physically verified at the time of take-over, the Financial Adviser and Chief Accounts Officer (Shri Biswas) stated:—

"It is true. We took over the entire assets minus certain liabilities for only £ 1. Stores were not verified at that time."

2.54. Asked when were stores verified for the first time and what were the reasons for not regularly doing this, the witness stated:—

"Physical verification is not done every year. It is done once in two-three years. The last physical verification was done in the year 1973. The reports of the System Manager were not accepted by the Material Manager and the Store Keeper. So, it was ordered to do the physical verification again."

2.55. Asked why the reports were not accepted, he said "There were some disputes between the Stores and Accounts Departments. They (Stores Department) said the Accounts department have not taken some stores items while verifying physically. Again an order was issued for reverification."

The then Chairman-cum-Managing Director (Shri Chelliah) stated "Stores verification (100 per cent verification) has been taken

up from January 1, 1977 and we will complete it by December, 1977". The Officer-on-Special Duty (Col. B. M. Sarin, former acting General Manager, Rajabagan Dockyard) stated "We are at the end of verification; we have about 300 to 400 items still to verify." When asked what have been the verification results so far, he stated "There are major discrepancies—both surpluses and deficiencies."

2.66. Asked what percentage of stores was taken up for physical verification every year, the Financial Adviser & Chief Accounts Officer (Shri Biswas) stated that it was "very negligible."

(ii) *Mis-appropriation of stores*

2.67. It was brought to the notice of the Committee that Major Rabi Roy, Resident Manager in Assam, removed valuable copper fittings, refrigerators etc. worth lot of money from Central Inland Water Transport Corporation vessels, flats, motor launches etc. that were going to be sold. There was no inventory of these items.

2.68. The then Chairman-cum-Managing Director (Shri Chelliah) stated:—

"I was hearing some complaints; some misappropriation of stores. So I sent my Vigilance Officer to make an on-the-spot inquiry."

(iii) *Cash Shortages*

2.69. There have been a number of cases of cash shortages in the Corporation. In this connection the Ministry in a written note stated as follows:—

"The Central Inland Water Transport Corporation has intimated that since its inception the following are the cases of cash shortages:—

(a) Cash defalcation took place some time in 1968 in which total amount involved was to the tune of Rs. 50,000. Out of this amount Rs. 40,000 was recovered through the help of the Police. The sum of Rs. 10,000 which was subsequently detected by the Government Auditors, was, however, adjusted and the Officer concerned, who was responsible for the mistake, was reprimanded and relieved of the charge as per decision of the Board of Directors.

(b) Cash shortage also took place in the Crews Section of T.T. Sheds Accounts Department in November, 1973

and the amount involved was to the tune of Rs. 52,626.09. This case is still being investigated by the Police and suit filed by the Police. The Cashier concerned has been dismissed from the Company's service.

- (c) Another case of cash shortage of Rs. 3000/- took place in its Bangladesh Office, by the peon of that Branch. The case was referred to the Police Authorities, but without any tangible result."

(iv) *Voyage Accounts in arrears*

2.70. The Corporation has not been maintaining up-to-date Voyage Account statements of the various river services run by it. Further, there was no separate account of the sailings and earnings vessel-wise. The Financial Adviser and Chief Accounts Officer (Shri Biswas) admitted during evidence that the Voyage Account statements were not up-to-date from "the middle of 1975".

2.71. In this connection the Ministry in a post evidence reply stated:—

"Central Inland Water Transport Corporation has intimated that previously it had schedules sailing on certain routes viz. (a) Calcutta-Dhubri-Calcutta; (b) Calcutta-Karimganj-Calcutta and (c) Calcutta-Narayanganj (Bangladesh)-Calcutta for which Central Inland Water Transport Corporation used to compile Voyage Accounts separately. Subsequently for lack of sufficient earnings on different routes, the sailings became very irregular and compilation of voyage Accounts was discontinued. The Company has, however, now started compilation of Voyage Accounts in respect of past few sailings."

2.72. Regarding vessel-wise sailing and earning account, it was stated that:—

"The information is now available with the Commercial Department of the Central Inland Water Transport Corporation as instructions have since been issued to the Commercial Manager."

2.73. This must have been started after the Committee took up examination of Central Inland Water Transport Corporation.

(v) *Internal Audit not commensurate with size*

2.74. The Auditors observed in the Annual Report for 1975-76 that "the Company has a system of audit which is not commensurate

with its size." Explaining this the Financial Adviser and Chief Accounts Officer of the Corporation (Shri Biswas) stated:—

"We have got so many branch offices and units and such a volume of internal audit was manned by one officer with 7 staff at that time because the other officer had left."

Asked whether they brought it to the notice of the Comptroller and Auditor General, he said, "No."

2.75. In this connection the Corporation in a written reply *inter alia* stated that:—

"Our Internal Audit Cell has been asked to report on procedure and operations of the Corporation (as required under the instructions issued by Bureau of Public Enterprises in September, 1968). With this aim in view, the Cell has been brought under direct control of Chairman-cum-Managing Director, and action has already been taken to strengthen the Cell by recruiting one Senior Qualified Accountant and transferring more staff to this section from other departments."

(vi) *Sale proceeds of assets not paid to Government account or, deposited in separate bank account.*

2.76. The auditors of the Company in their Audit Report on the accounts for 1975-76 observed that:—

"The sale proceeds of the following, received in earlier years, have not been paid to the Government of India nor deposited in a separate Bank Account, according to the terms of the loan agreements entered into by the Company:—

(a) Sealtick station land and Karimganj staff quarter land amounting to Rs. 10,808/- and building Rs. 3653/-.

(b) Rangpur land at Silchar.

The consent of the Government of India in this respect is still awaited."

2.77. Asked about reasons for this, the Financial Adviser and Chief Accounts Officer of the Corporation (Shri Biswas) stated during evidence that:—

"This has been rectified."

When pointed out that in their written reply they had stated that the matter was under correspondence with the Ministry, he stated:—

"Our properties are hypothecated to Bank also; banks' claims come first—we have written to the Ministry and asked

them to advise us as to whether the money should be kept with the Bank or the Government."

He also stated that they were now maintaining separate accounts for this in the Bank.

2.78. In this connection the Committee also noted that the amounts realised by the Corporation on account of sale of several vessels has also not been credited to Government account or deposited in a separate bank account.

2.79. The Committee discussed the adequacy of the present audit arrangements with the representatives of the Ministry and the Bureau of Public Enterprises. Explaining the existing audit arrangements in public undertakings, the Director General, Bureau of Public Enterprises (Shri Baveja) stated:—

"There are two types of audit to which the public sector Corporations are subjected. One is audit by a Chartered Accountants' firm which is selected by the Comptroller and Auditor General. This is one type of audit and that has to be carried out every year. Secondly, over and above this, there is a supplementary audit which you might call proprietary type of audit which is conducted by Comptroller and Auditor General. This is a regular feature in case of Central Inland Water Transport Corporation. Actually Comptroller and Auditor General has set up some Audit Boards which are presided over by their senior-most officers plus they also include some of the experts from outside and these Audit Boards conduct the audit of the Central Inland Water Transport Corporation." He also stated that the test audit was done *suo-moto* by the Comptroller and Auditor General every year.

2.80. When enquired whether the Ministry had ever ordered a comprehensive audit of Central Inland Water Transport Corporation by the Comptroller and Auditor General's Office, the witness stated "No special audit. In the normal course the Comptroller and Auditor General audits the concerns every year. The audit for the year 1975-76 has been completed. 1976-77 is in progress."

2.81. Asked whether there was any report of Comptroller and Auditor General concerning Central Inland Water Transport Cor-

poration pointing out any improper act, lack of propriety or any such matter which needed the attention of Government, the Joint Secretary in the Ministry of Shipping & Transport (Shri Mahajan) stated:—

“There were in the last year’s audit report mainly matters concerning such things that physical verification of stocks was very much in arrears—We saw that audit report had found that it did not depict a satisfactory state of affairs as also the accounts of the Company. Even we held a meeting at the Minister’s level where the Chairman and other officers were called—There we put down certain detailed time-bound programmes and also about the procedure for compiling the material accounts from the stock verification, completing the internal audit and strengthening the internal audit. These things have been made out.”

2.82. Pointing out that year after year the Corporation had been making losses, the Committee asked why was it that no special audit was ordered by Government, as permitted under Section 233A of the Companies Act, the witness stated:—

“There is no reason for that. Frankly speaking, we did not consider at all this question of special audit.”

(vii) Accounts for 1976-77 not yet finalised

2.83. The Corporation has not yet finalised its accounts for the year 1976-77. Asked whether they had sought extension for submission of 1976-77 accounts, the then Chairman-cum-Managing Director (Shri Chelliah) said “We have sought it”, because “there was some delay. It will be ready before the end of the month (i.e. November, 1977).”

2.84. The Committee enquired from the Ministry (a) What action did they take to rectify the shortcomings pointed out and (b) when and how was the present FA&CAO (Shri Biswas) of the Corporation selected. In reply the Ministry stated as follows:—

“The shortcomings pointed out by the Auditors in the annual accounts of the Corporation were reviewed in a meeting taken by the Minister of Shipping & Transport on 6-1-1977 and directions were issued to the Corporation to rectify the important deficiencies pointed out by audit.

The appointment of Financial Adviser and Chief Accounts Officer in the Central Inland Water Transport Corporation does not require approval of the Government of India.

Shri P. G. Biswas was however, appointed by the President of India as Financial Advisor and Chief Accounts Officer of Central Road Transport Corporation for a period of 3 years in November, 1969. His appointment was also approved by the Board of Directors of Central Inland Water Transport Corporation in December, 1969. Shri Biswas was appointed as Financial Advisor and Chief Accounts Officer of Central Inland Water Transport Corporation after reversion of the former Financial Advisor and Chief Accounts Officer (Shri B. N. Dutta Chaudhury) in May, 1972 when both Central Road Transport Corporation and Central Inland Water Transport Corporation had common Chairman and Managing Director. His appointment was also approved by the Board of Directors of Central Inland Water Transport Corporation."

2.85. The Committee consider that while the top management of the Corporation is squarely responsible for the mounting losses of the Corporation, the Ministry also cannot be absolved of their responsibility in this matter. Though the Ministry was aware of the deplorable conditions prevailing in the C.I.W.T.C. and had certain studies made by the B.P.E., no effective measures were taken to tone up the administration of the Corporation and to improve its working. Apart from other measures, the least that was expected of the Ministry was to post an imaginative, dedicated and knowledgeable person, with proven integrity and I.W.T. background, as the Managing Director of the Corporation who should have been supported by an honest and strict FA&CAO. This was unfortunately not done. The officers who were posted to these top posts proved unworthy of their onerous responsibilities and rather than improving the working, brought further ruin to the Corporation, as on 31-3-1977 the total loss amounted to Rs. 21.43 crores. They had no intention of improving the river services; on the contrary they were anxious to close down even whatever was existing.

2.86. The Ministry must at least now, in the light of the observations made by the Committee in their various reports on Central Inland Water Transport Corporation, take all necessary measures to revitalise the River Service activities of the Corporation with a view to pulling it out of the "red" within a time-bound programme. For this purpose the Ministry and the B.P.E. should lose no time to select competent personnel to man the Corporation.

2.87. The Committee are constrained to observe that the Corporation has not paid its dues of Provident Fund and Employees State Insurance regularly. Arrears of Provident Fund which were

as high as Rs. 65.87 lakhs in 1974-75 stood at Rs. 12.66 lakhs in 1976-77 and those of E.S.I. at Rs. 1.37 lakhs. What is really baffling is that apart from the amount of employer's contribution, which was charged to the P/L account, the Corporation also swallowed the employees' contribution for paying the wages of workers which too were paid irregularly and by instalments. This shows utter mismanagement.

2.88. The Committee cannot help feeling that this sorry state of cash shortages was brought about because of "big hole in the reservoir" due to terrific mis-management, thieving, misappropriation and corruption in the Corporation. Why the Ministry slept over this state of affairs in the Corporation is rather intriguing. The Committee urge that the Ministry should completely overhaul the management of C.I.W.T.C. with a firm hand and set things right so as to bring about the working of the Corporation at least to break-even point at the earliest.

2.89. The Committee also see no valid reasons for entrusting the work of updating the P.F. accounts of the Corporation to private auditors (M/s. Saks & Co.) who were first paid an annual fee of Rs. 7500/- for this work and later the fee was raised to Rs. 10,000/- because "they incurred losses". This only shows the inefficiency of the organisation of the FA&CAO in the Corporation.

2.90. The Committee regret to observe that though the Corporation was losing heavily from year to year its overhead expenses rose from Rs. 71.12 lakhs in 1975-76 to Rs. 389.26 lakhs in 1976-77 registering a rise of 450 per cent.

2.91. Expenses on travelling allowance alone registered a phenomenal rise of 110 per cent during the last 2 years, i.e., from Rs. 1.88 lakhs in 1974-75 to Rs. 3.97 lakhs in 1976-77. This increase is mainly accounted for by the 30 foreign tours undertaken by 17 officers of the Corporation. The then Chairman-cum-Managing Director (Shri Chelliah) alone undertook 5 tours (2 to U.S.A. and one each to U.K., Saudi Arabia and Norway) and the expenditure thereon was Rs. 1.38 lakhs. In some of these cases no business interests of the Corporation were served and these would appear to be merely pleasure trips.

2.92. What is more surprising is that the then Chairman-cum-Managing Director (Shri Chelliah) and other officers did not render any detailed account or submit reports about the benefits derived etc., on their return from foreign tours. In fact, as stated by the Corporation "there is no system for the submission of foreign tour

reports and concerned officers on return, only keep the management informed of the outcome of the tours”.

2.93. The Committee are also astonished to note that no specific approval of the Ministry is required for the foreign tours of Chief Executives and other officers of public undertakings. According to the instructions issued by the B.P.E., the Chief Executives, in the case of their own foreign tours, are merely required to “inform the administrative Ministries” and in the case of other employees they can themselves approve the tours. The instructions are also silent about the rendering of accounts and/or reports about benefits derived etc., by the officers, on return from foreign tours, which in fact is the normal practice followed everywhere. In this connection the Committee would like to invite attention to their recommendation contained in Para 6.32 of their 85th Report (5th Lok Sabha—1975-76 on Hindustan Paper Corporation Ltd.) wherein they recommended that:

“Government should critically scrutinise proposals for foreign tours received from the public undertakings and only if they are satisfied that a proposed tour is absolutely necessary in the larger interests of the public undertaking, they should allow a minimum number of officers to go abroad for a short duration to visit specified places for specific purposes. The officers who go on tour should be asked to submit, on return detailed reports on their tour to the Board of Directors and the administrative Ministry concerned who should evaluate the reports critically. The Committee would like the Bureau of Public Enterprises to issue suitable guidelines to all the Public Undertakings and also the administrative Ministries concerned in this regard and review the guidelines from time to time in the light of experience gained”.

2.94. The Committee would reiterate that the matter may immediately be examined by Government and suitable instructions issued after taking into account all the relevant factors.

2.95. The Committee are deeply shocked to note that the Corporation, which has been losing about Rs. 4 crores a year and whose cumulative losses amount to over Rs. 21 crores, is spending Rs. 11 lakhs per year on staff car expenses, mainly for providing facility to their senior officers.

2.96. The Chairman-cum-Managing Director and the Principal Adviser have been provided free staff car facility and in addition

allowed use of staff cars for private purposes upto 500 km. against payment of a nominal amount of Rs. 100/- p.m. and beyond that by paying 50 paise per km. The Principal Adviser had been enjoying this facility in utter disregard of the guidelines issued by the Bureau of Public Enterprises in this behalf.

2.97. Ninety-six other departmental heads and senior officers are using staff cars, jeeps etc., for coming from their residence to office and back by paying nominal charges of Rs. 16/-, 30/- and 50/- per month according to the status of the officers. Even assuming that 3 officers shared the car/jeep at a time, the total charges recovered from them would, on an average, amount to Rs. 100/- or Rs. 150/- p.m. as against the maintenance and running charges of a jeep amounting to roughly Rs. 4000/- per month.

2.98. There is no reason why the senior officers should be provided with transport facility at Company's expense. There is also no justification for allowing private use of staff cars by the Chief Executives. The large-scale use of the vehicles of the Corporation either free or on nominal charges by the officers and staff in the opinion of the Committee is on frauding the Company or consuming its resources in a different way. That this has been allowed by the Chief Executive without regard to its adverse financial effect, is highly improper and irresponsible. The Committee condemn this.

2.99. The Committee strongly recommend that the officials drawing a salary of more than Rs. 1200/- a month should not be entitled to transport facility of any sort. The surplus transport should be disposed of and drivers and other employees attached with cars should be absorbed in other assignments of the Corporation or by transferring them to some other public undertakings in the same city.

2.100. The Committee also recommend that in big cities like Calcutta, Madras, Bombay, Delhi, Bangalore, Hyderabad, etc. all public undertakings should join hands and have a pool car system in order to effect economy and also to impose effective check on misuse of cars. This should be done. Public Undertakings can meet their requirements of staff car from the pool. This will also bring in a dual control over the use of staff cars and prevent their misuse to some extent.

2.101. To prevent misuse of cars it is very necessary that cars should be painted in particular double colours (like that of taxis) bearing in bold letters the name of the undertaking in conspicuous places (at least six inches with the words Government Undertaking

and some emblem). Cars will not be made available for private purposes under any circumstances. Rental business is bogus. A scheme in this behalf worked out properly and enforced in all the public undertakings.

2.102. The senior executives of public undertakings should be given a car allowance for maintaining their transport. They might be allowed to use the staff car for official work only and not for coming to and going from residence. Maintenance of huge fleets of cars and misuse of such vehicles causing severe drain on public sector resources must be prevented at any cost. For purchase of cars, approvals must be obtained from the full board and while making such proposals the cost of the car, its maintenance costs which should include interest on the cost, depreciation, repairs, maintenance, oil and lubricant, wages of drivers, garage, insurance and cost of replacement of items like tyres, tubes, batteries etc. should be clearly stated. The cost of the chauffeur driven car in this country costs nearly about a rupee per kilo metre.

2.103. The low paid employees, however, should be helped in the matter of reaching their work site in time and if necessary their cost of transport should be subsidised.

2.104. Misuse of staff car when detected should be severely dealt with and higher the officer severer should be the punishment.

2.105. The Committee are also surprised to note that considerable expenditure has been incurred by CIWIC on hired cars especially during the visits of Chairman-cum-Managing Director/Principal Adviser to Delhi. During the one year 1976-77, tourist luxury cars were hired in Delhi on 23 occasions involving a total expenditure of Rs. 4849 i.e. an average of over Rs. 200/- each time. The Committee are shocked to note that the Chairman-cum-Managing Director of the Company, which was losing about Rs. 4 crores of public money a year should resort to riding a luxury tourist car. This action is totally condemned.

2.106. The Committee regret to note that the budget estimates are not being prepared by the Corporation in a detailed manner and on any sound lines. The Corporation management seems to look upon the budget as a device for obtaining funds rather than an instrument of control and review of performance by the management. This may be true of other public undertakings also. The Committee would recommend that the position may be reviewed by the Bureau of Public Enterprises including the desirability of seeking Government approval to the Revenue Budgets of undertakings and detailed instructions issued in the matter at an early date.

The Committee are constrained to observe that while on the one hand the Corporation had been incurring heavy interest charges on loans, on the other it allowed heavy outstandings against sundry debtors which amounted to Rs. 444.22 lakhs as on 31-3-1976, out of which Rs. 54.61 lakhs were considered to be doubtful. The debts outstanding for more than 3 years amounted to Rs. 149.89 lakhs—Rs. 111.59 lakhs from Government Departments and Rs. 38.30 lakhs from private parties.

2.108. The Committee recommend that urgent and effective steps should be taken by the Central Inland Water Transport Corporation and the Ministry to realise the outstanding amounts expeditiously and to rationalise the procedure for ensuring expeditious payments of dues in future.

2.109. The Committee take a very serious notice of the following other deficiencies in the accounts and internal audit of the Corporation:—

- (i) No physical verification of stocks and stores has been done since the inception of the Corporation in 1967. Even the stores taken over from R.S.N. Company were not verified at that time. Some physical verification was done in 1973 but it was not found acceptable. Substantial items of stores were pilfered and disposed of for private gains. It was only in 1977 that a 100 per cent stores verification was started and though results thereof are yet to be known, the management expects discrepancies. What is worse is that there is no regular system of physical verification of stores in the Corporation.
- (ii) There have been a number of cases of misappropriation of stores and cash defalcation/shortages in the Corporation.
- (iii) Voyage accounts of various river services, giving vessel-wise position of sailings, earnings etc., are in arrears since 1975.
- (iv) There have been inordinate delays in the finalisation of annual accounts of the Corporation.
- (v) Internal Audit has not been effectively organised despite instructions of the Bureau of Public Enterprises issued in 1968.

- (vi) Sale proceeds of assets like sale of vessels, land and buildings have not been credited to Government account or deposited in a separate bank account.

2.110. Though the Ministry are stated to have issued instructions to the Corporation to rectify some of these shortcomings, the Committee feel that the remedy does not lie there. In fact the present Financial Adviser and Chief Accounts Officer of the Corporation, who is the custodian of finances and accounts of the Corporation, has proved to be thoroughly inefficient, ineffective and dishonest and is not at all equal to the tasks. Without his tacit concurrence, most of the shady deals which have been highlighted by the Committee in this and other reports, would not have fructified at all. The Committee recommend that suitable action should be taken against him for the lapses he has committed.

2.111. The Committee note that there are two types of audit to which the Government companies are subjected to i.e., one by Chartered Accountants' firms selected by Comptroller and Auditor General and the other supplementary or test audit by the Audit Boards of the Comptroller and Auditor General. This is the regular feature of audit conducted every year. Further the Committee note that under Section 233A of the Companies Act, Government have the power to direct special audit of accounts of a company whose financial position is such as to endanger its solvency."

2.112. The Committee are perturbed to observe that though the Corporation has been incurring heavy losses since 1967 and various irregularities and malpractices have occurred in its functioning, only petty matters have been brought to light in the Audit Reports appended to Accounts and there have no special para in Comptroller and Auditor General's Audit Reports (Commercial) on this Corporation so long. Had this been done, the Committee and the Parliament could have had an opportunity of examining the affairs of the Corporation before it came on the brink of disaster. In fact the Audit Board has only been a "rubber stamp" to whatever was observed by the private audit firms.

2.113. The Committee would like Comptroller and Auditor General to examine how this has happened. The Committee also trust that the Comptroller and Auditor General would take appropriate steps in this direction and ensure that losing public undertaking and those against whom there are serious allegations in the press, Parliament or otherwise, receive urgent attention and special scrutiny.

2.114. Further, in view of the unsatisfactory position of the Corporation's accounts and procedures, the Committee require that a special Audit of the accounts of the Corporation under Section 233A of the Companies Act be undertaken immediately, so that all the accounts and procedures etc., are set right.

2.115. The Committee are very much disappointed with the performance of the private audit. The Committee are positive that no useful purpose could be served by private auditors in the case of public sector undertakings. The Committee, therefore, strongly recommend that the system of employing private auditors for auditing public sector undertakings be done away with and the entire audit work be taken over by the Comptroller and Auditor General.

2.116. The Committee noted that the Corporation has a number of properties in Assam and West Bengal. The Committee would strongly recommend, in order to raise the resources, to dispose of such properties to the highest bidder and the Corporation keeping for itself minimum accommodation for future use.

2.117. In order to reduce its overhead expenses the Corporation should shift its head office to three places or distribute its offices at three places viz. (1) Rajabagan Dockyard (2) Jagannath Ghat and (3) T.T. Shed Fairlie Place. The building, conditions permitting, could be sub-let at the present market rate preferably to the Central Government Offices/Undertakings which will bring some money to the Corporation every month.

NEW DELHI;
April 25, 1978

Vaisakha 5, 1900 (Saka).

JYOTIRMOY BOSU,
Chairman,
Committee on Public Undertakings.

ANNEXURES

ANNEXURE I

Vide Para 2.14

CENTRAL INLAND WATER TRANSPORT CORPORATION LIMITED

(A Government of India Undertaking)

Statement showing comparative figures of expenditures on various overhead items and explanations for the increase where necessary

Answer : Item No. 3.

	1975-76	1976-77	Difference	Reasons for the increase of Expenditure over the preceding year
	2	3	4	5
	Rs. P.	Rs. P.	Rs. P.	
Postage	16,710'09	23,242'21	+6,532'12	Installation of Telex, increase in the cost of Stamp, Registration charges etc., increase in correspondence.
Telephone	1,75,158'94	2,79,372'18	+1,04,213'24	Increase in New connection (9 in Nos.) and rental increase from Rs. 125/- to Rs. 150/- from 1-3-76 and call charges from 0'25 to 0'30 from 1-3-76.
Stationery & Printing	1,99,210'92	1,97,566'32	-1,544'40	No comments.
Vehicles	10,81,483'90	10,66,450'21	-15,033'69	Do.
Travelling Allowances	3,06,778'30	3,96,508'33	+89,730'03	Increase in Foreign Tour/Inland tour due to diversification of four business.
Agency Commission	1,24,541'42	2,07,949'27	+83,407'85	Appointment of BIWTC Agents for Bangladesh, Freight Brokers etc. for River Services.
Boat Hire charges	8,03,586'40	2,86,953'65	-5,16,632'75	No comments.
Handling Expenses	3,25,830'28	3,41,906'48	+15,476'20	Due to increase in business particularly in Deep Sea Grain unloading & Stevedoring operations.

Advertisement	1,04,956.98	1,32,764.50	+ 29,807.52	Increase in the rates and No. of advertisements due to sale of vessels, appointment, River Service and tender notice.
Law Charges	71,599.88	34,159.61	- 37,440.27	No comments.
Pilotage and Conservancy	1,02,741.60	1,39,792.01	+ 37,050.41	Due to increase in wages & cost of Stores.
Entertainment	64,568.95	74,939.12	₹ + 10,370.17	Due to increase in the number of guests & visitors for business promotion as also increase in cost of stuff.
Books & Periodicals	14,510.71	20,873.55	+ 6,362.84	Due to increase in the cost of Periodicals and purchase of New Books for office library.
Expenses on Stevedoring	21,28,150.97	137,49,564.56	+ 116,21,413.59	Due to increase in turn over from Rs. 23.19 lakhs to Rs. 168.73 lakhs.
Fleet Maintenance	57,910.88	69,238.21	+ 1,327.33	Increase in the cost of repairs and fuel and wages and salaries of staff.
Godown Maintenance	5,526.55	-	- 3,526.55	No comments.
Expenses on Pandu/Joghicha Ports	11,553.37	15,240.18	+ 3,686.71	Due to increase in cost of stores and wages.
Machine Hire Charges	31,714.84	71,581.10	- 10,133.74	No comments.
Testing Fees	9,803.00	2,973.00	- 6,830.00	No Comments.
Apprentices Tuition Fees	31,516.73	2,935.00	- 11,281.73	No. comments.
Dock Permit	6,394.90	10,044.50	+ 3,649.60	Due to increase in stevedoring business.
Jetty Licence	66,037.39	64,709.78	- 1,347.61	No comments.
Cargo Licence Fees	33,078.57	47,684.70	+ 14,606.13	-
Port Toll	2,48,377.81	2,67,13.76	+ 18,745.95	Due to increase in Toll charges.
Cylinder Hire Charges	13,479.15	29,870.75	+ 10,391.60	Due to increase in Deep Sea Repairs work.

	2	3	4	5
Inspection charges	18,533.20	18,805.50	+272.30	No comments.
Stores Misc. Expenses	1,47,112.08	1,32,344.90	-14,767.18	No comments.
CPT Staff Overtime	6,366.75	1,803.71	-4,563.04	No comments.
Ganga Sagar Mela Exps.	38,814.18	36,560.64	-2,253.54	No comments.
Office Equipment	4,571.97	26,576.29	+22,004.32	Due to purchase of new equipments including calculators for increase in efficiency.
Agroding of Ghotana/Brahmaputra Exps.	2,09,977.54	..	-2,09,977.54	No comments.
Cargo Claims	23,800.56	11,255.80	-12,544.06	No comments.
IGC Oil Operation Exps.	1,73,725.93	4,53,807.96	+2,80,082.03	Due to more handling of tonnage of IOC Oil. The output increase from Rs. 10.37 lakhs to Rs. 48.64 lakhs.
Profit on conversion	(-)21,190.04	(-)4,449.76	+16,740.28	No comments.
Discount on Debtors	56,520.66	61,383.92	+4,863.26	No comments.
Payments to Spl. Audits	11,295.00	950.00	-10,345.00	No comments.
Dredging Operation Exps.	25,593.02	17,965.24	-7,627.78	No comments.
Sundry Expenses	3,43,607.07	4,06,720.27	+63,113.20	Due to increase in production (from 677.90 lakhs to 1206.64 lakhs).
Bank charges	9,893.84	63,912.85	+54,079.01	Due to increase in bank transactions.
Freight Brokers Commission	..	5,669.79	+5,669.79	No comments.
High Sea Grain Operation Exps.	..	201,66,147.93	+201,66,147.93	New venture taken up during 1976-77 (Estimated income Rs. 225.91 lakhs).
	71,11,804.29	3,80,25,698.22	+3,18,13,893.93	

ANNEXURE II
Vide Para 2.18)

CENTRAL INLAND WATER TRANSPORT CORPORATION LIMITED

(A Government of India Undertaking)

Details of trips abroad (including Bangladesh) made by Chairman and Managing Director and other Officers since 1975

Name of Officers	Designation	Country visited	Period of visit	Purpose	Amount	Remarks
1	2	3	4	5.	6	7
Cdr. K. Chelliah	Chairman	Bangladesh	5-8-75 to 9-8-75	Negotiation of inter-country movement of vessels & carriage of cargoes.	509.00	
					Ra. P.	
	Chairman-cum-Managing Director	U.S.A.	27-1-76 to 9-2-76	Negotiation for undertaking and signing Lightening contract.	38,254.00	
		U.S.A.	5-6-76 to 20-6-76	Negotiation for undertaking lightening contract for foodgrains.	40,085.85	
		Jeddah/Saudi Arabia/ London/Hamburg London (U.K.)	4-5-77 to 15-5-77 25-6-77 to 4-7-77	In connection with tendering for Yambu Port Project and Stevedoring business. Final tender submitted in London.	14,817.95 22,894.57	All the tours were undertaken with the approval of the Ministry.

1	2	3	4	5	6	7
		London/Oslo Almond (Norway)	14-8-77 to 21-8-77	Negotiation with Norwegian group of Shipyard owners for setting up of a collaboration for construction of fishing trawlers.	21,216.45	All the tours were undertaken with the approval of the Ministry.
Shri M. Yusuf Khan	Managing Director	Bangladesh	5-8-75 to 10-8-75	Negotiation of inter-country movement of vessels and carriage of cargoes.	594.00	
	Principal Adviser	Do.	13-8-76 to 17-8-76	Negotiation with B.I.W.T.C.	1,287.00	
Shri T.K. Sengupta	Superintending Engr	Do.	21-4-75 to 26-4-75	River Service work	970.96	
Shri B.P. Basu	Commercial Manager	Do.	5-8-75 to 8-8-75		469.00	
			27-8-75 to 31-8-75	Supervision of river service work in Bangladesh	678.40	
			18-12-75 to 22-12-75		781.00	
			14-1-76 to 18-1-76		848.00	
			23-2-76 to 27-2-76		867.50	
Shri C.R. Mitra	Jr. Technical Supervisor	Do.	25-2-75 to 18-3-75	River Service work	555.05	
Capt. M. D. Khatri	Marine Superintendent	Do.	7-8-75 to 23-8-75	In connection with floating of "Brahmaputra" which ran aground.	2,122.50	
			22-10-75		1,193.40	
Shri S.K. Roy	River Transport Officer	Do.	27-8-75 to 10-9-75	Do.	1,172.45	
Shri D.P. Ash	Asstt. F.P.O.	Do.	8-1-76 to 23-1-76	River Service Work	318.10	

Shri Kalyan K. Roy	Jr. Travelling Engr.	Do. |	13-2-76 to 20-2-76 13-4-76 to 26-5-76	Do. |	348-75 397-50
Capt. R. Sindhvani	Manager (Stevedoring)	Jeddah (Saudi Arabia) Bangladesh	24-5-77 to 3-6-77 19-7-77 to 23-7-77	Attending tendering for Yambu Port Project. Attending unloading of grains Ex. 'Aqasgem' in Chittagong and Chal-na Ports of Bangladesh, and exploring the possibilities of unloading Coal ex-Chittagong.	20,096-15 3,129-67 11,372-65
Shri Sunil Mukherjee	Dy. Manager, Ship Repairs.	Do.	19-7-77 to 9-8-77	In connection with tendering of Yambu Port Project and Stevedoring work.	22,367-67
Shri S.R. Gorsia	Adviser, Stevedoring	Jeddah/Cairo/London	4-5-77 to 15-5-77	Attending affairs of the Narayanganj Branch of C.I.W.T.C.	1,436-57
Shri S.B. Dutta	Dy. Manager, Stevedoring	Bangladesh	27-6-77 to 11-7-77	Signing of the lighting contract with M/s. Carras (Hellas) Ltd.	13,990-55
Shri P.G. Biswas	F.A. & CAO	Athens (Greece)	18-6-77 to 25-6-77	Purchase of machines for Paradip Port Tug.	16,698-80
Shri S. Dutta Gupta	St. Mechanical Engr.	Japan]	15-12-76 to 25-12-76	Settlement of Accounts with BIWTE.	705-00 495-00
Shri B.N. Ganguly	Dy. F.A. & CAO	Bangladesh	May '76 & Aug. '76	Do.	595-00
Shri B.K. Paik	Dy. CAO	Do.	May '76		

ANNEXURE III

(Vide para 2.27)

C. I. W. T. C. LTD.

(Annexure 'A' to Answer 7)

List of Officers using CO's Car

1.(a)(i) *Officers who are paying Rs. 50 per month for using Staff Car.*

1. Shri P. G. Biswas	. F.A. & C.A.O.	Head Office	These officers attend office 1 hour earlier in one Pull Car.
2. Shri N. K. Mukherjee	Personal Manager	"	
3. Shri N. K. Sarkar	. Secretary	"	
4. Shri M. D. Khatri	. Marine Supdt.	"	
5. Shri T. K. Sengupta	. Supdt. Engr.	"	
6. Shri T. Amrith Rao	. Commercial Manager	"	
7. Shri S. Sen	. General Manager	R/Bagan D/Yd.	
8. Lt. Col. B. M. Sarin	O.S.D.	"	

1.(a)(ii) *List of Officers who uses Staff Car in a Group and pay Rs. 30 per month.*

1. Shri S. R. Roy	. Manager, Shipbuilding	Rajabagan Dockyard
2. Shri S. M. Das	. Manager Workshops	Do.
3. Shri A. N. Roy	. Planning Manager	Do.
4. Shri A. B. Mukherjee	. Chief Engineer Electrical	Do.
5. Shri P. N. Das Purakayastha	Dy. F.A. & C.A.O.	Do.

1.(a)(iii) *Officers using Route Cars (Mini Buses/Jeeps on payment of Rs. 16 per month.*

1. Shri P. Sen	. Sr. Dy. FA & CAO	Head Office
2. Shri R. N. Mallik	. Dy. FA & CAO	"
3. Shri J. Basak	. Dy. C.A.O.	"?
4. Shri P. K. Mukherjee	. Add. Admin. Officer	Do.
5. S.B. Dutta	. Dy. Mgr. Admn. & Co-Ordn.	Do.
6. Shri C. K. Sengupta	. Ch. Vigilance Officer	Do.
7. Shri B. N. Ganguly	. Dy. F.A. & C.A.O.	T. T. Sheds
8. Shri B. K. Paik	. Dy. C.A.O.	Do.
9. Shri D. N. Guha	. Dy. Supdt. Engr.	Do.
10. Shri S. N. Chanda	. Asstt. Engineer	Do.

11.	Shri H. K. Sen	Manager, Ship Repair	Do.
12.	Shri B. Chatterjee	Dy. Mgr. Ship Repair	Do.
13.	Shri A. J. Easdon	Asstt. Mgr. Ship Repair	Do.
14.	Shri S. K. Basak	Marine Engr.	Do.
15.	Shri P. K. Das	Do.	Do.
16.	Shri G. G. Nandy	Asstt. Foreman Ship Repair	Do.
17.	Shri K. P. Karmakar	Asstt. Foreman Ship Repair	Do.
18.	Shri S. N. Dasgupta	Asstt. Foreman Ship Repair	Do.
19.	Shri P. R. Palit	Asst. Manager, Works	Rajabgan Dockyard
20.	Shri D. P. Ash	Assistant, Stores	Do.
21.	Shri B. K. Dutta	Planning Officer	Do.
22.	Shri N. M. Roy	Do.	Do.
23.	Shri A. Ghosh	Asstt. Planning Officer	Do.
24.	Shri D. Datta	Do.	Do.
25.	Shri A. P. Saha	Naval Architect	Do.
26.	Shri B. C. Biswas	Manager, Design	Do.
27.	Shri Bisvajit Chatterjee	Sr. Naval Architect	Do.
28.	Shri D. C. Chakraborty	Technical Assistant	Do.
29.	Shri S. Duttagupta	Sr. Mech. Engr., Planning	Do.
30.	Shri D. K. Saha	Do.	Do.
31.	Shri D.R. Gungopadhyay	Mechanical Engr.	Raja Bagan D/Yard
32.	Shri S. Gupta	Asst. Naval Architect	Do.
33.	A. C. Chakhaiyar	Manager, Shipwright	Do.
34.	Shri P.G. Chitnis	Foreman, Shipwright	Do.
35.	Shri D. K. Ghosh	Do.	Do.
36.	Shri S.B. Dutta	Dy. Manager, New Construction	Do.
37.	Shri C.R. Das	Shipwright Foreman	Do.
38.	Shri B.R. Das	Asst. Foreman, Shipwright	Do.
39.	Shri S. Goswami	Do.	Do.
40.	Shri T. K. Roy	Do.	Do.
41.	Shri R. N. Maulik	Do.	Do.
42.	Shri R. N. Sarkar	Asst. Foreman N/Construction	Do.

43	Shri A. K. Chakraborty	Asst. Foreman Structural	Rajabagan D/Yard
44	„ P. K. Mondal	Do.	Do.
45	„ J.L. Guha Neogi	Asst. Foreman, Paint Shop	Do.
46	„ S. Mukhopadhyay	Jr. Marine Engineer	Do.
47	„ A. K. Banerjee	Sr. Engineer	Do.
48	„ J.K. Majumdar	Civil Engineer	Do.
49	„ N.N. Bhattacharyya	Foreman, Machine Shop	Do.
50	„ H.N. Ghose	Asst. Engineer, Grade II	Do.
51	„ S.P. Samanta	Elec. Engineer	Do.
52	„ A. K. Gupta	Asst. Engr. Hull Construction	Do.
53	„ S.N. Naskar	Do.	Do.
54	„ S. K. Ghosh	Asst. Foreman Electrical	Do.
55	„ A. Chhattopadhyay	Asst. Foreman	Do.
56	„ Arindom Roy	Assistant Foreman Workshop	Do.
57	„ Ashoke Mukherjee	Maintenance Engineer	Do.
58	„ Alope Dutta	Asst. Foreman Maintenance	Do.
59	„ R. N. Biswas	Foundry Engineer	Do.
60	„ R.K. Biswas	Asst. Foreman Copper Smith	Do.
61	„ N.Sengupta	Assistant Foreman Machine Shop	Do.
62	„ R. N. De Bhowmick	Do. Do.	Do.
63	„ T.K. Chakraborty	Do. Do.	Do.
64	„ K. Bose	Do. Do.	Do.
65	„ R.K. Dutta	Foreman, Welder	Do.
66	„ M. N. Bose	Controller of Stores & Purchase	Do.
67	„ S. Shome	Dy. C.O.S.P	Do.
68	„ B. Saha	Asst. C.O.S.P	Do.

69	Shri Subhas Dutta	Asst. C. O. S. P.	Rajahagan D/yard
70	„ H. Bhattacharyya	Do.	Do.
71	„ P.K. Mukherjee	Asst. Foreman, Foundry	Do.
72	„ K.S.P. Acharya	Asstt. Foreman Pattern Shop	Do.
73	„ N.R. Das	Foreman Blacksmith Shop	Do.
74	„ S. Sarkar	Millwright Foreman	Do.
75	„ K.N. Benerjee	Sr. Accounts Officer	Do.
76	M. R. Roy	Accounts Officer	Do.
77	„ S.K. Ghosh	Do.	Do.
78	„ N.P. Chowdhry	Do.	Do.
79	„ A. Som	Asst. Cost Accounts Officer	Do.
80	„ H. K. Acharya	Dy. Personnel Manager	Do.
81	„ H.K. Mondal	Welfare Officer	Do.
82	„ N.R. Bhadra	Do.	Do.
83	„ S. Mukherjee	Dy. Manager	New Abhur works

Statement of Recoveries made for Additional Mileage above the limit of 500 Km from the Chairman/Chairman-cum-Managing Director and Principal Adviser during the last 3 years ended 31-3-77.

*Chairman**Principal Adviser*

From 16-5-75 to 31-3-77

August '75	13.00	April '74	19.00
October '75	98.50	May '74	18.00
November '75	197.00	June '74	79.00
December '75	34.00	July '74	153.50
January '76	4.00	August '74	82.50
	<u>Rs. 346.50</u>	September '74	76.50
		October '74	48.00
August '76	18.50	November '74	159.50
November '76	58.00	December '74	83.50
December '76	3.50	January '75	387.00
January '77	85.00	February '75	99.50
March '77	42.50		<u>Rs. 1,207.80</u>
	<u>Rs. 208.00</u>	April '75	89.00
		July '75	188.50
		August '75	43.50
		September '75	91.00
		November '75	114.50
		December '75	185.50
		January '76	15.50
			<u>Rs. 725.50</u>
		October '76	189.50
		January '77	160.00
		February '77	32.50
			<u>Rs. 402.00</u>
	<u>Rs. 554.50</u>		<u>Rs. 2,335.30</u>

ANNEKURE IV

(vide para 2.41)

Private Car hire charges at Delhi during 1975-76.

Serial No.	Particulars	Bill No. & Date	Amount Rs.
1	Auto Rental Service Car hire charges on 9-6-75 and 1-7-75 a/c Cdr. K. Chelliah.	7373 14-7-75	226.00
2	Hindustan Tourist & Taxi Service Car hire charges on 8-8-75 a/c Chairman	9424 19-8-75	85.00
3	Auto Rental Service Car hire charges on 14-7-75 to 16-7-75 a/s Cdr. Chelliah.	7382 17-7-75	320.40
4	Auto Rental Service Car hire charges on 11-8-75 and 12-8-75 a/c Cdr. Chelliah.	7664 19-8-75	187.00
5	Auto Rental Service Car hire charges on 28-10-75 to 30-10-75 a/c Chairman	7691 31-10-75	436.80
6	Auto Rental Service Car hire charges on 27-11-75 a/c Chairman	7769 28-11-75	93.00
7	Auto Rental Service Car hire charges on 9-12-75 to 11-12-75 a/c Chairman	7830 13-12-75	315.60
8	Auto Rental Service Car hire charges on 11-1-76 a/c Chairman.	7928 12-1-76	90.00
9	Foreign Tourist Transport Service Car hire charges on 21-1-76 to 23-1-76 a/c Chairman	9350 24-1-76	301.00
10	Foreign Tourist Transport Service Car hire charges on 1-3-76 and 2-3-76 a/c Chairman	9596 3-3-76	284.10
11	Foreign Tourist Transport Service Car hire charges on 18-2-76 a/c Chairman	5917 19-2-76	91.00
12	Foreign Tourist Transport Service Car hire charges on 24-3-76 a/c Chairman	4749 26-3-76	147.70

Private Car hire charges at Delhi during 1976-77

Serial No.	Particulars	Bill No. & Date	Amount Rs.
1	Foreign Tourist Transport Service	9889	234.30
	Car hire charges on 13-4-76	18-4-76	
2	Foreign Tourist Transport Service	10135	755.30
	Car hire charges from 25-5-76 to 1-6-76 a/c Chairman	2-6-76	
3	Foreign Tourist Transport Service	10081	123.00
	Car hire charges on 21-5-76 a/c Chairman	24-5-76	
4	Foreign Tourist Transport Service	10049	98.00
	Car hire charges on 14-5-76 a/c Chairman	15-5-76	
5	Foreign Tourist Transport Service	10513(3)	103.70
	Car hire charges on 26-8-76 a/c Chairman	27-8-76	
6	Foreign Tourist Transport Service	10487	98.10
	Car hire charges on 21-8-76 a/c Chairman	22-8-76	
7	Foreign Tourist Transport Service	10704	90.00
	Car hire charges on 24-9-76 a/c Board Meeting	27-9-76	
8	Foreign Tourist Transport Service	10702	372.00
	Car hire charges on 24-9-76 a/c Board Meeting	27-9-76	
9	Foreign Tourist Transport Service	10701	347.80
	Car hire charges on 22-9-76 to 24-9-76 a/c Chairman	27-9-76	
10	Foreign Tourist Transport Service	10599	94.00
	Car hire charges on 8-9-76 a/c Chairman	13-9-76	
11	Foreign Tourist Transport Service	10760	226.00
	Car hire charges on 7-10-76 and 8-10-76 a/c Chairman	9-10-76	
	G. M., and Sr. Dy. F. A. & C.A. & C. A. O.		
12	Foreign Tourist Transport Service	10891	94.00
	Car hire charges on 26-10-76 a/c Chairman	27-10-76	
13	Foreign Tourist Transport Service	10941	135.30
	Car hire charges on 3-11-76 a/c Chairman	4-11-76	
14	Foreign Tourist Transport Service	11006	264.90
	Car hire charges on 14-11-76 a/c Chairman	14-11-76	
15	Foreign Tourist Transport Service	11009	222.30
	Car hire charges on 10-11-76 and 11-11-76 for official	14-11-76	
	purpose.		
16	Foreign Tourist Transport Service	11361	254.50
	Car hire charges on 5-1-77 & 6-1-77 a/c Chairman	7-1-77	
17	Foreign Tourist Transport Service	11246	95.60
	Car hire charges on 16-12-76 a/c Chairman	20-12-76	

Serial No.	Particulars	Bill No. Date &	Amount Rs.
18	Foreign Tourist Transport Service Car hire charges on 31-1-77 a/c Chairman	. 11543 . 31-1-77	155.00
19	Foreign Tourist Transport Service Car hire charges on 20-1-77 & 27-1-77 a/c Chairman	. 11495 27-1-77	153.00
20	Foreign Tourist Transport Service Car hire charges on 19-1-77 a/c Chairman	. 11478 . 23-1-77	135.40
21	Foreign Tourist Transport Service Car hire charges on 17-3-77 & 18-3-77 a/c Chairman	. 11779 19-3-77	284.50
22	Foreign Tourist Transport Service Car hire charges on 30-3-77 & 31-3-77 a/c Chairman	. 11898 . 1-4-77	407.50
23	Foreign Tourist Transport Service Car hire charges on 27-3-77 a/c Chairman, B.I.W.T.C. Ltd.	. 186 27-3-77	125.10

Private Car hire charges at Calcutta

Serial No.	VR. No.	Name of the Transport	Name of the Official	Amount Rs.
1	3933	Auto Rental Service	Mr. Y. Khan	797.00
2	3974	Do.	Mr. Chelliah	199.90
3	H/18a-m/77	Do.	Mr. Y. Khan	277.70
4	5881	S. N. Kundu	..	340.00
5	6086	Do.	..	200.00
6	6219	..	Mr. Y. Khan	392.80
7	580	S. N. Kundu	Capt. Khatri	160.00
8	5960	Do.	Do.	350.00
9	6165	Do.	Do.	360.00
1976-77				
1	6272	Rabi Ghosh	Mr. Sindwani	110.00
2	7535	Do.	Mr. A. Goswami	190.00
3	3308	..	Mr. Y. Khan	408.90
4		Rabi Ghosh (A/c Stevedoring)	..	145.00
5		Do.	..	105.00

ANNEXURE V

(Vide Para 2.45)

CENTRAL INLAND WATER TRANSPORT CORPORATION LIMITED

(A Government of India Undertaking)

REVENUE BUDGET

(Rs. in lakhs)

1976-77 (PROVISIONAL)

	1	2	3	4	5	6	7	8	9	10	11	12
R. B. D/Yard		Kulpi W/shop	N/Alipur W/shop	River Services Cal/B'Desh/Assam	D.S.S.R.	Stevedoring	High Sea Grain Operation	Light-erage Warehousing and Ferris	Dredging Operation	Haldia oil Operation	Marine W/shop	Total

1. (a) Rated Capacity												
(b) Attainable Capacity												
(c) Anticipated level of production in physical name												
2. (a) Anticipated Sales/Realisation (at existing selling prices including Work-in-Progress)												
Own Fleet Repairs	139.68										23.51	163.19
Other Fleet Repairs	18.53		29.29									47.82

As the Company is engaged in diversified activities of varying nature of product and services viz., General Engineering/Ship Repairs/Construction jobs, Auto Body Building/Lightcrage/Oil Operation etc. it is not possible to establish unit costs and rated capacity/attainable capacity.

New Marine Construction	267.16	..	..	..	..	..	..	..	..	267.16
Deep Sea, Ship Repairs	..	..	102.03	..	..	..	..	..	..	102.03
General Engineering	65.03	..	..	..	..	..	..	..	..	65.03
Own Auto Repairs	..	.01	..	..	..	..	..	..	..	.01
Other Auto Repairs	..	5.34	..	..	..	..	..	..	..	5.34
Auto Body Building	..	7.33	8.43	..	..	..	..	..	..	15.76
Lighterage	..	..	..	..	8.93	..	..	..	..	8.93
Ferries & Charters	..	..	..	..	6.33	..	..	..	..	6.33
Ganga Sugar Mela	..	..	..	..	1.55	..	..	..	..	1.55
Stewarding	..	..	168.73	..	..	..	..	..	..	168.73
Warehousing, Rent etc.	..	.68	..	..	6.35	..	..	..	..	7.03
Dredging Contract with C.P.C.	..	..	..	..	..	18.48	..	..	..	18.48
Freight Earnings	..	..	39.27	..	..	..	..	..	..	39.27
Sale of Scrap	..	5.56	..	..	.83	..	..	..	..	5.87
Sale of Stores	..	7.00	5.50	2.18	..	.56	..	..	..	15.24
Miscellaneous	..	1.30	.08	5.89	6.66	.26	..	3.89	..	20.08
Conservancy Grant	..	..	..	..	..	..	..	..	..	6.64

	1	2	3	4	5	6	7	8	9	10	11	12
Income from Investments/												
Deposits . . . . .	..	..	..	..	..	..	..	'20	..	..	..	'20
Capital Jobs & Miscellaneous	14'84	..	..	..	..	..	..	..	..	..	..	14'84
Haldia Oil Operation . . . . .	..	..	..	..	..	..	..	..	..	48'64	..	48'64
High Sea Grain Operation . . . . .	..	..	..	..	..	..	225'91	..	..	..	..	225'91
Profit on Sale of Fixed												
Assets . . . . .	..	..	..	21'15	..	..	..	..	..	..	..	21'15
	521'78	12'92	51'36	73'72	102'85	168'73	225'91	27'43	18'48	48'64	23'59	1,275'41

	1	2	3	4	5	6	7	8	9	10	11	12
Auto Body Building	..	6.00	..	..	..	..	..	..	..	..	..	6.00
Auto Servicing
Sale of Petrol, Diesel etc.
Lighterage	13.00	..	..	..	..	13.00
Ferries & Charter	17.20	17.20
Ganga Sagar Mela
Stevendoring	160.00	..	..	..	..	..	..	160.00
Warehousing, Rent etc.
Dredging Contract with C.P.C.	23.80	..	..	..	23.80
Freight Earnings	50.40	..	..	..	..	..	..	..	..	50.40
Sale of Scrap	..	3.50	..	..	..	..	..	..	..	..	..	3.75
Sale of Stores	..	4.50	..	..	..	..	..	..	..	..	..	5.50
Miscellaneous	..	4.00	..	..	..	..	..	..	..	..	..	5.00
Conservancy grant
Income from Investments/Deposits
Capital Jobs & Miscellaneous
Haldia Oil Operation	57.60	..	..	57.60
High Sea Grain Operation	287.10	..	..	..	..	..	287.10
	504.20	42.25	50.40	120.00	160.00	287.10	13.00	23.80	57.00	41.05	17.20	1,316.60

REVENUE BUDGET

1978/79 (B.E.)

	1	2	3	4	5	6	7	8	9	10	11
R.B. D/Yard											
N/Alipur Port Blair Workshop											
River Services											
D.S.S. Repair											
Setvoring											
High Sea Grain Operation											
Dredging Operation											
Haldia Oil Operation											
Marine Workshop											
Ferries/Charter											
Total											

1. (a) Rated Capacity	76.00								43.50		119.50
(b) Attainable Capacity	15.00	38.00									47.00
(c) Anticipated level of Production in physical name	560.58										560.58
2. (a) Anticipated Sales/Realisation (at existing selling prices including Work-in-Progress)					135.00						135.00
Own Fleet Repairs											56.00
Other Fleet Repairs											5.00
New Marine Construction											6.00
Deep Sea Ship Repair											
General Engineering											
Auto Body Building											
Auto Servicing											

	1	2	3	4	5	6	7	8	9	10	11
Lighterage Sales & Charter	13.00	..	..	..	..	..	..	..	13.00
Ferries and Charter	18.00	18.00
Ganga Sagar Mela	170.00	..	..	..	..	..	170.00
Stevedoring	19.00	..	..	..	19.00
Dredging Contract with C.P.C.	187.40
Freight Earnings	187.40	..	..	..	..	..	..	..	187.40
Sales of Scrap	..	5.00	..	..	..	..	..	..	..	..	5.25
Sale of Stores]	..	5.00	1.00	..	..	..	..	..	..	..	6.00
Miscellaneous	..	5.00	1.00	..	..	..	..	..	..	..	6.00
Conservancy Grant
Income from Investment/Deposit
Capital Jobs & Miscellaneous
Haldia Oil Operation	59.40	..	..	59.40
High Sea Grain Operation	287.10	..	..	..	..	287.10
Profit on Sale of Fixed Assets
	522.58	45.25	200.40	135.00	170.00	287.10	19.00	59.40	43.50	18.00	1,500.23

REVENUE BUDGET

1976-77 (Provisional)

	1	2	3	4	5	6	7	8	9	10	11	12
	R.B. D/Yard	Kulpi W/shop	N/Ali- pur Port Blair W/shops	River Services Cal./B. Desh/ Assam	D.S.S.R.	Steve- doring	High Sea Grain Opera- tion	Light- age Ware- housing & Ferr- ies	Dredg- ing Opera- tion	Haldia Oil Opera- tion	Marine W/shop	Total
<i>Cost of Production :</i>												
<i>3.(a) Manufacturing Cost :</i>												
Materials	161.55	12.78	11.94	5.50	15.77	1.35	..	1.12	0.2	..	5.70	210.73
Wages	104.31	0.05	7.15	69.02	14.66	..	..	20.31	6.59	10.20	9.92	242.21
Contractors Services	52.82	..	2.27	..	9.20	..	..	..	..	..	..	64.29
Bonus	12.43	..	.82	5.56	0.55	0.06	0.01	1.31	.11	0.51	0.81	22.17
Consumption of Stores & Spare parts	15.55	0.16	.66	5.95	0.13	0.92	..	1.07	0.12	0.13	0.03	24.62
Power & Fuel	6.17	0.11	.52	11.76	0.54	..	..	3.60	.10	4.39	0.07	27.26
Rent	.04	0.84	.96	7.42	0.26	0.26	..	4.73	..	..	0.34	14.85
Rates & Taxes	1.45	..	..	0.06	..	..	..	..	..	..	..	1.51
Repairs to Buildings	4.58	..	.26	.62	.03	..	..	.18	..	..	.12	5.79
Repairs to Machineries	12.80	.01	.57	.02	.60	..	0.1	.30	.01	..	.08	14.40

	1	2	3	4	5	6	7	8	9	10	11	12
Repairs to Vessels . . . . .	.18	..	..	78.23	..	..	..	40.00	.08	14.26	..	192.71
Other Repairs	2.56	..	.01	.29	.07	..	..	..	..	..	.16	3.09
Salaries & Indirect Wages including Gratuity	73.06	1.44	6.15	27.31	9.36	1.74	..	9.13	1.16	.24	3.32	192.91
Corpor's Contribution to P. Fund	18.40	.07	.79	6.27	.68	.07	..	2.12	.09	.51	.81	23.81
Staff Welfare Expenses	18.07	.18	.54	1.64	.55	.02	..	.26	.11	.03	.58	21.98
Insurance	4.33	.34	.01	.74	..	..	..	.46	.01	..	..	5.99
Other expenses including Audit Fees	13.85	.21	2.01	10.30	3.30	137.51	201.67	7.62	.18	4.55	.53	381.73
H.O. Expenses	9.29	..	1.53	12.39	1.66	1.24	1.24	1.55	..	1.24	.62	30.98

22

(b) Depreciation	503.44	16.19	36.31	228.10	57.56	143.17	202.93	93.66	8.52	36.06	23.09	1361.03
(d) Township Cost	16.60	.48	.85	3.76	.30	.03	2.50	3.43	.37	1.60	.38	32.50
Total (a+b+c)	522.04	16.67	37.16	243.86	57.86	143.20	205.43	97.09	8.89	36.66	23.67	1993.53
4 Gross Profit (a-3)	-.26	-3.75	+14.20	-170.14	+44.99	+25.53	+30.48	-69.66	+9.59	10.98	-.08	-118.12
5 Interest on Loans :												
Government of India, during R.S.N.	18.87	..	3.14	25.15	2.32	..	2.31	6.29	..	2.51	1.89	62.88
Government of India during C.I.W.- T.D.	31.62	..	5.27	42.16	4.22	..	4.22	10.54	..	4.22	3.16	103.41
S. B. I. Case Credit	8.02	..	1.29	10.29	1.03	..	1.03	2.57	..	1.03	.77	26.03
6 Total Expenses (5+5)	58.51	..	9.70	77.60	7.77	..	7.78	19.40	..	7.76	5.82	194.34

7	Profit before tax (8-6)	580.55	16.67	46.86	321.46	65.69	143.40	213.21	116.49	8.89	45.42	29.49	1987.87
8	Provision for Income tax	-58.77	-3.75	+4.50	-247.74	+37.22	+25.53	+12.70	-89.06	+9.59	+3.22	-5.90	-312.46
9	Net Profit after Tax (7-8)	-58.77	-3.75	+4.50	-247.74	+37.22	+25.53	+12.70	-89.06	+9.59	+3.22	-5.90	-312.46
10	Provision for Dividend	.	.	.	.	.	.	.	.	.	.	.	.
11	Retained Profit (9-10)	.	.	.	.	.	.	.	.	.	.	.	.
12	Profitability Calculation	.	.	.	.	.	.	.	.	.	.	.	.

Does not arise

REVENUE BUDGET

1977-78 (R.E.)

	R.B. D/Yard	Kulpi W/Shop	N/ Alipur Port Blair W/Shop	River Servi- ces Cal/ FD/ab/ Assam	Steve- doring Sea Gram Operations	Light- range Operations	Dredging Opera- tion	Haldia Oil operation	Marine W/Shop	Ferries/ Charter	Total
Cost of Production											
3-(a) Manufacturing Cost:											
Materials	267.92	9.00		48.00		14.00	10.50	10.65	13.65	3.90	338.57
Wages	100.00	8.00	89.00	15.00					10.00		260.45
Contractors Services	34.93	2.00		9.50							46.43
Bonus	10.00	1.00	5.00	.60	.10	.60	.15	.50	.80	.70	19.45
Consumption of Stores & Spare Parts	10.00	.95	2.10	3.80	4.00	.40	1.30	.56	3.25	.80	27.16
Power & Fuel	7.00	1.00	16.00	5.75		2.80	.10	7.00	1.80	1.25	42.70
Rent . . . . .	.05	.50	7.00	0.30		1.00			.35		9.20
Rates & Taxes		2.95									2.95
Repairs to Buildings	4.00	.10	1.00	.35					.25		5.70
Repairs to Machineries	10.00	.10	.25	.80					.30		11.45
Repairs to Vessels			61.00			7.00	2.90	20.00		2.80	93.70
Other Repairs	1.00		.50	.10					.70		2.30

Salaries & Indirect Wages including Gratuity	70'00	3'00	5'00	9'00	2'00	1'40	2'00	'30	4'00	1'50	98'20	
Corporation's Contribution to P. Fund	10'00	1'00	1'00	1'00	'10	1'50	'80	'50	1'00	'50	77'40	
Staff Welfare Expenses	15'00	'67	'06	'40	'05	'50	'10	'05	'58	'60	18'01	
Insurance	4'50	'10	1'26			'20					6'06	
Other Expenses including Audit Fees	12'10	'20	2'50	3'70	138'69	249'40	1'90	'80	5'00	1'10	416'39	
H.O. Expenses	12'75	2'00	3'00	1'50	1'50	1'50	1'00	'25	1'00	'30	25'10	
(b) Depreciation	572'20	29'62	194'67	99'80	46'44	250'90	32'30	18'90	45'56	38'08	1441'22	
(c) Township Cost	10'00	'33	3'89	1'25	6'75	'80	'20	1'35	'55	'20	25'32	
Total (a + b + c)	582'20	29'95	198'56	101'05	146'44	257'65	33'10	19'10	46'91	38'63	1466'44	
4. Gross Profit (a-3)	-78'00	+12'30	-148'16	+18'95	+15'16	+79'45	-20'10	+4'70	+10'69	+2'42	+4'25	-149'94
5. Interest on Loans Government of India during R.B.N.	27'35	6'00	18'75	4'50	2'25	3'75	3'75	1'50	4'50	3'0	75'35	
Do. C.I.W.T.C.	6'85	1'60	5'00	1'20	'60	1'00	1'00	'40	1'20	'80	19'65	
S.B.I. Cash Credit	34'20	7'60	23'75	5'70	2'85	4'75	4'75	1'90	5'70	3'80	95'00	
6. Total Expenses (3+5)	616'40	37'50	222'31	106'75	149'29	262'40	37'85	21'00	52'61	38'63	1561'54	
7. Profit before tax (2-6)	-112'20	+4'70	-171'91	+13'25	10'71	+24'70	-24'85	+2'80	+4'99	+2'42	+4'45	-244'94
8. Provision for Income Tax												
9. Net Profit after Tax (7-8)	-112'20	+4'70	-171'91	+13'25	10'71	+24'70	-24'85	+2'80	+4'99	+2'42	+4'45	-244'94
10. Provision for Dividend												
11. Retained Profit (9-10)												
12. Profitability Calculation												

Does not arise.

REVENUE BUDGET

1978/79 (B.E.)

	R.B. D/Yard	N/Alipur Port Blair W/ship	River Services Cal/Haldia/ Cal. incl. lighterage.	D.S.S.R.	Stove- doring	High Sea Grain operation	Dredging Operation	Haldia Oil Operation	Marine W/ship	Ferries & Charter	Total
Cost of Production											
9- (a) <i>Manufacturing Cost;</i>											
Materials . . .	281.68	9.70		54.00			8.00	10.80	14.93	3.40	360.31
Wages . . .	101.00	8.10	50.50	18.00				10.25			210.05
Contractors Services	30.00	2.00		10.00							42.00
Bonus . . .	1.10	1.10	5.80	.75	.10		.10	.60	.85	.75	20.15
Consumption of Stores & Spare Parts	10.50	1.00	2.50	4.50	4.25		.75	.60	3.51	.82	28.43
Power & Fuel	7.99	1.10	10.62	6.50			.15	7.10	1.93	1.30	36.09
Rent . . .	.05	.50	8.00	.30					.35		9.20
Rates & Taxes . . .	3.45		.37								3.82
Repairs to Buildings	4.00	.10	.75	.30					.30		5.45
" " "Machinery . . .	10.50	.10	.10	.85					.40		11.95
" " "Vessels . . .			59.00				3.00	20.00		3.00	85.00

Other Repairs	1.45	.40	.15			.68	2.48
Salaries & Indirect wages including Gratuity	71.00	3.00	9.50	2.10	1.70	4.10	98.85
Corporation's Contribution to P. F.	11.00	1.05	1.75	.73	.60	1.10	18.93
Staff Welfare Expenses	16.00	2.70	.86	.07	.10	.59	19.42
Insurance	3.00	.10	1.46				4.56
Other Expenses including Audit Fees.	12.60	.20	4.20	147.53	.85	5.20	1.00 428.40
H.O. Expenses	13.00	2.00	4.00	1.50	1.50	1.00	.30 25.95
(b) Depreciation	586.52	30.75	157.26	155.68	250.90	46.40	13.32 1,409.52
(c) Township Cost	11.00	.33	4.69	1.40	6.75	1.35	.20 26.47

TOTAL (a + b + c) 597.32 31.08 161.95 114.20 155.68 257.65 15.70 47.75 40.94 13.52 1,435.99

4. Gross Profit (a-3) -74.94 +14.17 +38.45 +20.80 +14.32 +29.45 +3.90 +11.65 +2.56 +4.48 +64.24

5. Interest on Loans

Government of India

during R.S.N.

C.I.W.T.C.

S.B.I. Cash Credit

36.00 7.60 28.50 5.70 2.85 4.75 1.90 5.70 3.80 96.80

6. Total Expenses (3+5)	698.52	38.68	190.45	119.90	158.53	862.40	17.60	33.45	40.94	17.32	1,532.79
7. Profit before Tax (2-6)	-110.94	6.57	9.95	15.10	11.47	24.70	1.40	5.95	2.56	.68	-32.56
8. Provisional for Income Tax											
9. Net Profit after Tax (7-8)	-110.94	6.57	9.95	15.10	11.47	24.70	1.40	5.65	2.56	.68	-32.56
10. Provision for Dividend											
11. Retained Profit (9-10) Does not arise.											
12. Profitability Calculation											

ANNEXURE VI

Summary of Conclusions/Recommendations of the Committee on Public Undertakings contained in the Report

S. No.	Reference to paragraph No. in the Report	Summary of Conclusions/ Recommendations
(1)	(2)	(3)
1	1.96	<p>The Committee are deeply concerned to note that the Board of Directors of the Corporation constituted as at present of 7 Government officials (including 2 Central Government representatives and 2 State Governments representatives) and 4 non-officials (two representatives of other public undertakings, one industrialist and one representative of tea planters) has been most ineffective in managing the affairs of the Corporation efficiently. In this connection the Committee observed the following disquieting features:</p> <p>(1) As indicated in para 150 of Committee's second Report (1978)—Reckless & Fraudulant Sale of Vessels—the two Central Government Directors merely acquiesced in the proposals submitted by the then Chairman-cum-Managing Director without bothering about details or their financial implication for the Undertaking and the Exchequer. The Committee feel that Government should not have such officers on the Boards of Public Undertakings who do not exercise their independent judgement and are apt to be influenced by the principal executive of the Corporation. It should be their specific responsibility to effectively act as the eyes, ears and hands of</p>

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the Central Government, keep a close watch on the performance of undertakings and take timely corrective steps when and where called for.

The instructions issued by the Bureau of Public Enterprises in 1969-70 regarding the duties and responsibilities of Board of Directors do not clearly bring out the role expected of Government Directors. The Committee recommended that these should now be spelt out clearly and unambiguously and necessary instructions issued by the Bureau of Public Enterprises expeditiously.

- (2) The representatives of State Governments have also not proved very helpful in improving the working of the Corporation as admitted by the then Chairman-cum-Managing Director (Shri Chelliah). The other official and non-official Board Members do not appear to have interested themselves in studying in depth the problems faced by the Corporation and making constructive suggestions for bringing about economy and efficiency in the working of the Corporation or in its 'revitalisation'. The average attendance at Board meetings has been 4 or 6 out of total 11 members i.e. nearly 50 per cent.

2 1.97

What is more intriguing is that important items of business like extension of services/or re-employment of superannuated departmental heads were sought to be approved by the management with only three members of the Board including the Chairman-cum-Managing Director. Furthermore on occasions vital matters like purchase of vacuators were approved by circulation which proves that Chairman-cum-Managing Director was the real man who decided all

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matters and the Board was a mere 'rubber stamp'.

3 1.98

The Committee strongly feel that the present pattern of manning the Boards of Public Undertakings requires serious consideration by the Government, as admitted by the Director General, Bureau of Public Enterprises during evidence. In the opinion of the Committee these Boards should consist of a combination of seasoned and dedicated administrators who can devote the required time and energy to the job and people's representatives i.e., Members of Parliament and Legislatures who have no vested interests and who can freely focus attention on irregular and unbusiness like transactions and dealing of the undertakings by their easy approach and public contacts. It would also be advantageous if workers' representatives of proven honesty and integrity are also inducted into the Boards of Public Undertakings. Private businessmen or representatives of producers or consumers, where considered necessary, may be associated with advisory or consultative committees as in the case of Railways, rather than taking them on the decision-making or Governing Boards to remove any possibility of their taking business advantages of the information available to the Boards or leaking out the same. The Committee would recommend that the matter may immediately be examined by Government in all its ramifications and necessary steps taken within 3 months of the presentation of this Report to make drastic changes in the methods of selection of Board Members and to infuse fresh blood in the Boards of all the Public Sector Undertakings.

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The Committee would further recommend that:

- (1) Any payments on account of pay and allowances that may have been made to
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the 3 officials (namely Dr. I. A. Mukherjee, S/Shri H. K. Mukherjee and D. N. Guha) as a result of extension of their services in an illegal meeting of the Board held on 28-10-1977, should be recovered from those responsible for such an illegal decision.

(2) Since important business is transacted at the Annual General Meetings of the Public Undertakings, Central Government officials appointed to represent the President of India at such Meetings should be persons of sufficiently higher status, rather than of Under Secretary level as has been done in the case of Central Inland Water Transport Corporation.

(3) Minutes of every Board meeting of the Public Undertakings should be numbered so as to facilitate future references apart from removing any possibility of tampering with them. The Secretary of the Corporation agreed that this needed to be done.

5 1.100

The Committee feel that special consideration was shown by Government in appointing Shri Chelliah as the Chairman-cum-Managing Director of the Corporation. Prior to this he was Manager, Operations in the Shipping Corporation of India and drawing pay of Rs. 2000/- p.m. He was first appointed as Chairman of the Central Inland Water Transport Corporation on 16-6-1975 and then made Chairman-cum-Managing Director w.e.f. 1-1-1976 and given the maximum of scale, i.e., Rs. 3000 p.m. or a lift of Rs. 1000 p.m. from the very date of his initial appointment on 16-6-1975. He had qualifications are navigator and had no experience of inland water

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transport. As Chairman-cum-Managing Director he was first appointed for a term of one year and then on the recommendation of the former Secretary of the Ministry (Shri M. Ramakrishnayya) appointed for a further term of 4 years.

1.101

The first thing that he did after appointment was to hurriedly amend the Delegation of Administrative and Financial Power Rules of the Corporation with the help and support of the Ministry and to assume to himself considerable powers, which as revealed in this and other Reports presented by the Committee on the Corporation, have been misused with impunity. In fact he not only belied the high hopes of pulling the Corporation out of the rut and revitalising its operations but brought the Corporation to a virtual ruin. Various irregularities and malpractices were committed by him and also by his subordinates during the period of his stewardship which have been pointed out by the Committee at various places in the report of the Corporation. In the opinion of the Committee it was an error of judgment to select him for the post. This is a sad reflection on the method of scrutiny and selection of Chief Executive and other top officials of Public Undertakings by the Public Enterprises Selection Board of the Bureau of Public Enterprises.

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1.102

The Committee further note that the posts of part-time Chairman and whole-time Managing Director were combined by Government in two-thirds of public sector enterprises on the plea that the part-time Chairman began interfering in the day-to-day affairs of the Managing Director leading to divided control and conflicts in the working of the enterprise. The Committee are not at all convinced with this argument for combining the two posts of Chairman and the Managing Director. While it may or may not

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have some advantages of avoiding a "divided house" but its inherent disadvantages that the "man becomes an autocrat and the Corporation is ruined", as happened in the case of CIWT, outweigh the advantages, if any. Furthermore, the arrangement suffers from the drawback that there is no person to sit on judgment as to how the whole time executives are functioning. If the principal executive is also the Chairman of the Governing Board it is obviously difficult for other members of the Board to find fault with his acts of omissions and commission. Thus the system becomes devoid of any checks and balances. In most of the big private sector enterprises in the country the practice seems to be to have these two separate functionaries. The Committee, therefore, require that the normal practice in the public sector enterprises should be to have a full time Managing Director and a part-time Chairman as the head of the Board. The Committee would recommend that the matter may immediately be examined by Government in all its ramifications so as to bring in the desired changes.

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1.103

The Committee note that besides appointment of Directors Chairman/Managing Director and issue of directions, other matters reserved for prior Government approval are appointment of superannuated officers to posts carrying pay scale of Rs. 2500—3000 and above, implementation of capital expenditure schemes and contracts of the value of Rs. 10 lakhs and of annual five year plans and Capital Budget, disposal of property having original book value of Rs. 10 lakhs and execution of foreign collaboration agreements. All other powers, including the appointment of FA&CAO, approval to revenue budget, approval of rules and regulations etc. vest with the Board of Directors of the Corporation.

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9	1.104	<p>In this connection the Committee observed among others, the following unsatisfactory features in the exercise of powers vested in the Corporation:</p> <ul style="list-style-type: none"> (a) As indicated in subsequent paragraphs there have been several cases of grant of extension of services/or re-employment of superannuated officers. (b) Recruitment and Promotion and Conditions of Service Rules have not been observed in many cases. (c) Vessels and property, even those hypothecated to the President of India, worth crores of rupees have been disposed of without seeking Government approval and in complete disregard of normal practices. (d) Revenue budget is prepared in a very casual way and there is not much of control over expenditure <i>vis-a-vis</i> the budget estimates, especially on overheads.
10	1.105	<p>The Committee feel that one of the main reasons for extravagant expenditure and sorry state of affairs of CIWTC is the enormous powers that have been conferred by Government on them, who were not worth it. The purpose of giving this maximum possible operational autonomy to the public undertakings was to enable them to be run with the maximum efficiency. But the experience of CIWTC shows that the management has belied the trust and confidence reposed in them and brought the Corporation to a sorry pass. The same may be true of some other undertakings also.</p>
11	1.106	<p>The Committee would recommend that Government may examine the desirability of suit-</p>

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| | | ably ensuring accountability of the Boards of public undertakings and proper discharge of their responsibilities, which the Committee are distressed to observe has been lacking in the case of CIWTC. For major policy decisions the Government may exercise greater control. |
| 12 | 1.107 | The Committee note that under clause 7 of the scheme of Arrangements approved by Calcutta High Court, CIWTC was required to absorb as many employees of R.S.N. Co. as could reasonably be taken over. When CIWTC started functioning in May 1967, the total number of R.S.N. Employees of all categories stood at 8081. Out of these 5512 employees were absorbed by CIWTC upto 31-12-1977 and remaining 2569 employees were not taken for one pretext or the other. |
| 13 | 1.108 | The Committee also note that from 1968 to 1977 the Corporation recruited as many as 2192 fresh employees in different categories including 74 employees taken over from Farakka Barrage in 1971 along with the vessels and 385 employees of Public Tea Warehouses operated by Balmer Lawrie & Co. Ltd. and taken over by CIWTC as per Government directives. |
| 14 | 1.109 | The Committee are surprised to note that no policy directions were issued by the Ministry with regard to providing employment to ex-R.S.N. employees, as was done in the case of tea warehouses employees of M/s Balmer Lawrie & Co. and the matter was left to the sole discretion of the management of the Corporation. The Committee very much deprecate this lapse. The result has been that over 30 per cent of experienced ex-RSN employees remained idle and have undergone severe hardships including starvation for no fault of their own despite the fact that the Corporation resorted to fresh recruitment. |

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| 15 | 1.110 | The Committee require the Ministry as well as the Corporation to look into the matter and ensure that as many as possible ex-RSN company employees are taken back into employment as early as possible. |
| 16 | 1.111 | The Committee note that the Board of Directors approved extension/re-employment of 3 superannuated departmental heads viz. Shri N. K. Mukherjee, Personnel Manager; Dr. A. L. Mukherjee, Chief Medical Officer and Shri D. N. Guha, Deputy Superintendent Engineer at their meeting held on 28-10-1977 which was subsequently declared as null and void for want of valid quorum. The Committee have already touched on this aspect in paragraph 1.7. |
| 17 | 1.112 | What is more intriguing is that during the last 3 years from September 1974 to October 1977 the Board approved extension of services/re-employment of superannuated officers in about 15 cases and in some of these cases services were extended three to four times. Another method adopted was to re-employ a superannuated officer and go on giving extensions to him. |
| 18 | 1.113 | The Committee feel that no person is indispensable or so outstanding as to justify his continuance in Service beyond the date of superannuation. However in very rare cases where the extension of service may be justified for scientific and technical posts the public undertakings should seek the approval of the Secretary of the Ministry. |
| 19 | 1.114 | The Committee are distressed to note that there has been a lot of 'bungling' in recruitment and promotion of officers and employees in the CIWTC in contravention of its set rules. While certain employees got undue advantages, some were penalised and dismissed without any reasons or serving a show cause notice to them. In |
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fact it seems that the management got 'energised' during the period of Emergency.

The Committee would recommend that:

- (1) Government may review all the cases of victimisation, especially during the Emergency in the Corporation with a view to giving necessary relief wherever called for. Cases of violation of Recruitment, Promotion and Conduct rules may also be reviewed with a view to fixing responsibility for giving undue favouritism or becoming vindictive.
- (2) All rules and regulations of public undertakings, especially Recruitment and Promotion Rules, Conduct Rules etc. should have the approval of Government as also any amendments or deviations therefrom.

20. 1.118 The Committee are shocked to learn that there have been as many as over 10 CBI cases against the departmental heads/senior officials of the Corporation for accepting bribe, making huge payments against fictitious vouchers, stealing and pilferage of stores and materials even of such big items as 'Boiler' which was worth over a lakh of rupees, giving contracts and showing undue favours to firms of their relations etc. There may also be a number of other cases investigated by the Company's own Vigilance Organisation.

21 1.116 What is worse is that though in some cases the CBI found the persons guilty of major offence, no departmental action to suspend them till the completion of enquiries or at least make them proceed on leave was taken by the management. On the other hand the top hierarchy seem to have been shielding them by taking recourse

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| | | to delayed departmental action and allowing them to attend office. |
| 22 | 1.117 | The Committee would recommend that the Ministry should take expeditious action to rid the Corporation of all the persons found guilty or of doubtful integrity, especially at the higher echelon. The Committee are also aware that some of the top officers of the Corporation have either reverted to their parent public undertakings/offices or joined other public undertakings/private concerns or retired/may be retiring. No time should be lost in taking prosecution proceedings against them wherever necessary. The case of Capt. Khatri should be examined with the object of launching a criminal prosecution against him. |
| 23 | 1.118 | The Bureau of Public Enterprises may also examine the matter in a detailed manner with a view to learning lessons and issuing suitable instructions for the guidance of other public undertakings. |
| 24 | 1.119 | The Committee also note that under the Vigilance Manual, after the CBI has investigated a case and given their findings a further enquiry is required to be held by an officer of the Vigilance Commission and it is only after he had given his report that the punishment to the guilty officer could be awarded. The Committee would like the Central Vigilance Commission to review the existing procedure with a view to ensuring quick departmental action and awarding due punishment expeditiously. The role of Calcutta Office of the CBI may be mentioned here as being far from satisfactory. |
| 25 | 1.120 | The Committee are deeply concerned to note that none of the officers of CIWTC has been submitting immovable property returns regularly for the last 8 years, despite provisions in |

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| | | their Conduct Rules 1970 for such returns to be rendered "every year" and which were later amended in 1973 to provide for submission of these returns "every five years". |
| 26 | 1.121 | It is also intriguing that the Corporation did not modify its Conduct Rules to bring them in conformity with the Model Conduct, Discipline and Appeal Rules framed by a working Group comprising officials of the Central Vigilance Commission CBI and others and circulated by the Bureau of Public Enterprises to all public undertakings in 1974, which called for rendering of such returns "every two years". What is still worse is that though, the instructions issued by the Department of Personnel in 1973, on the basis of which the relevant Conduct Rule was amended by the Corporation to provide for five yearly returns, were modified in 1976 calling for rendering these returns "every year" no Corresponding action was taken by the Corporation. |
| 27 | 1.122 | This is yet another instance of disregard of Rules by the management of the Corporation. In fact it seems that the top hierarchy of the Corporation being corrupt themselves was not interested in enforcing the rules which naturally would have applied to them as well. |
| 28 | 1.123 | From the property returns now filed by the Officers of the Corporation, the Committee are apprehensive that the assets acquired by some of them may be disproportionate to their incomes. The Committee would, therefore recommend that the CBI may immediately move in the matter and institute enquiries with a view to find the truth. |
| 29 | 1.124 | The Committee are also not happy that neither the Bureau of Public Enterprises nor the Ministry bothered to see that the model |

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		<p>rules and guidelines issued by them were enforced by public undertakings. In fact, no body in this Corporation took much notice of the Bureau of Public Enterprises. It is futile and wastage of time and energy to issue instructions if they are not to be followed up and implemented. The Committee would recommend that Government may now check up the position obtaining in all the public undertakings and issue fresh clear-cut instructions enjoining on all officials of public undertakings to give immovable property returns every year in accordance with the latest instructions issued by the Department of Personnel.</p>
30	1.125	<p>The Committee are constrained to note after minute examination within the permissible time, that the management of CIWTC not only proved of any worth, responsibility but comprised of corrupt officials most of whom were disinterested in their respective jobs. It is necessary that the CIWTC is manned by worthy persons with the required background, integrity and honesty. The present set up of officials almost without exceptions need to be replaced gradually but as speedily as possible lest the river transport system stand condemned once again.</p>
31	2.85	<p>The Committee consider that while the top management of the Corporation is squarely responsible for the mounting losses of the Corporation, the Ministry also cannot be absolved of their responsibility in this matter. Though the Ministry was aware of the deplorable conditions prevailing in the C.I.W.T.C. and had certain studies made by the B.P.E., no effective measures were taken to tone up the administration of the Corporation and to improve its working. Apart from other measures, the least that was expected of the Ministry was to post</p>

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an imaginative, dedicated and knowledgeable person, with proven integrity and I.W.T. background, as the Managing Director of the Corporation who should have been supported by an honest and strict FA&CAO. This was unfortunately not done. The officers who were posted to these top posts proved unworthy of their onerous responsibilities and rather than improving the working, brought further ruin to the Corporation, as on 31-3-1977 the total loss amounted to Rs. 21.43 crores. They had no intention of improving the river services; on the contrary they were anxious to close down even whatever was existing.

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2.86

The Ministry must at least now, in the light of the observations made by the Committee in their various reports on Central Inland Water Transport Corporation take all necessary measures to revitalise the River Service activities of the Corporation with a view to pulling it out of the "red" within a time-bound programme. For this purpose the Ministry and the B.P.E. should lose no time to select competent personnel to man the Corporation.

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2.87

The Committee are constrained to observe that the Corporation has not paid its dues of Provident Fund and Employees State Insurance regularly. Arrears of Provident Fund which were as high as Rs. 65.87 lakhs in 1974-75 stood at Rs. 12.66 lakhs in 1976-77 and those of E.S.I. at Rs. 1.37 lakhs. What is really baffling is that apart from the amount of employer's contribution, which was charged to the P/L account, the Corporation also swallowed the employees' contribution for paying the wages of workers which too were paid irregularly and by instalments. This shows utter mismanagement.

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2.88

The Committee cannot help feeling that sorry state of cash shortages was brought about

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		because of "big hole in the reservoir" due to terrific mis-management, thieving, misappropriation and corruption in the Corporation. Why the Ministry slept over this state of affairs in the Corporation is rather intriguing. The Committee urge that the Ministry should completely overhaul the management of C.I.W.T.C. with a firm hand and set things right so as to bring about the working of the Corporation at least to break-even point at the earliest.
35	2.89	The Committee also see no valid reasons for entrusting the work of updating the P.F. accounts of the Corporation to private auditors (M/s. Sake & Co.) who were first paid an annual fee of Rs. 7,500/- for this work and later the fee was raised to Rs. 10,000/- because "they incurred losses". This only shows the inefficiency of the organisation of the FA&CAO in the Corporation.
36	2.90	The Committee regret to observe that though the Corporation was losing heavily from year to year, its overhead expenses rose from Rs. 71.12 lakhs in 1975-76 to Rs. 339.26 lakhs in 1976-77 registering a rise of 450 per cent.
37	2.91	Expenses on travelling allowance alone registered a phenomenal rise of 110 per cent during the last 2 years, i.e., from Rs. 1.88 lakhs in 1974-75 to Rs. 3.97 lakhs in 1976-77. This increase is mainly accounted for by the 30 foreign tours undertaken by 17 officers of the Corporation. The then Chairman-cum-Managing Director (Shri Chelliah) alone undertook 5 tours (2 to U.S.A. and one each to U.K., Saudi Arabia and Norway) and the expenditure thereon was Rs. 1.38 lakhs. In some of these cases no business interests of the Corporation were served and these would appear to be merely pleasure trips.
38	2.92	What is more surprising is that the then Chairman-cum-Managing Director (Shri Chelliah)

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and other officers did not render any detailed account or submit reports about the benefits derived etc., on their return from foreign tours. In fact, as stated by the Corporation "there is no system for the submission of foreign tour reports and concerned officers on return, only keep the management informed of the outcome of the tours."

39	2.93	<p>The Committee are also astonished to note that no specific approval of the Ministry is required for the foreign tours of Chief Executives and other officers of public undertakings. According to the instructions issued by the B.P.E., the Chief Executives, in the case of their own foreign tours, are merely required to "inform the administrative Ministries" and in the case of other employees they can themselves approve the tours. The instructions are also silent about the rendering of accounts and/or reports about benefits derived etc., by the officers, on return from foreign tours, which in fact is the normal practice followed everywhere. In this connection the Committee would like to invite attention to their recommendation contained in Para 6.32 of their 85th Report (5th Lok Sabha 1975-76 on Hindustan Paper Corporation Ltd.) where in they recommended that:</p>
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"Government should critically scrutinise proposals for foreign tours received from the public undertakings and only if they are satisfied that a proposed tour is absolutely necessary in the larger interests of the public undertaking, they should allow a minimum number of officers to go abroad for a short duration to visit specified places for specific purposes. The officers who go on tour should be asked to submit, on return detailed reports on their tour to the Board of

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		Directors and the administrative Ministry concerned who should evaluate the reports critically. The Committee would like the Bureau of Public Enterprises to issue suitable guidelines to all the Public Undertakings and also the administratives concerned in this regard and review the guidelines from time to time in the light of experience gained".
40	2.94	The Committee would reiterate that the matter may immediately be examined by Government and suitable instructions issued after taking into account all the relevant factors.
41	2.95	The Committee are deeply shocked to note that the Corporation, which has been losing about Rs. 4 crores a year and whose cumulative losses amount to over Rs. 21 crores, is spending Rs. 11 lakhs per year on staff car expenses, mainly for providing facility to their senior officers.
42	2.96	The Chairman-cum-Managing Director and the Principal Adviser have been provided free staff car facility and in addition allowed use of staff cars for private purposes upto 500 km. against payment of a nominal amount of Rs. 100/- p.m. and beyond that by paying 50 paise per km. The Principal Adviser had been enjoying this facility in utter disregard of the guidelines issued by the Bureau of Public Enterprises in this behalf.
43	2.97	Ninety-six other departmental heads and senior officers are using staff cars, jeeps etc., for coming from their residence to office and back by paying nominal charges of Rs. 16/-, 30/- and 50/- per month according to the status of the officers. Even assuming that 3 officers shared the car/jeep at a time, the total charges recovered from them would, on an average, amount to

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| | | Rs. 100 - or Rs. 150 - p.m. as against the maintenance and running charges of a jeep amounting to roughly Rs. 4000 - per month. |
| 44 | 2.98 | There is no reason why the senior officers should be provided with transport facility at Company's expense. There is also no justification for allowing private use of staff cars by the Chief Executives. The large-scale use of the vehicles of the Corporation either free or on nominal charges by the officers and staff in the opinion of the Committee is defrauding the Company or consuming its resources in a different way. That this has been allowed by the Chief Executive without regard to its adverse financial effect, is highly improper and irresponsible. The Committee condemn this. |
| 45 | 2.99 | The Committee strongly recommend that the officials drawing a salary of more than Rs. 1200\|- a month should not be entitled to transport facility of any sort. The surplus transport should be disposed of and drivers and other employees attached with cars should be absorbed in other assignments of the Corporation or by transferring them to some other public undertakings in the same city. |
| 46 | 2.100 | The Committee also recommend that in big cities like Calcutta, Madras, Bombay, Delhi Bangalore, Hyderabad etc. all public undertakings should join hands and have a pool car system in order to effect economy and also to impose effective check on misuse of cars. This should be done. Public Undertakings can meet their requirements of staff car from the pool. This will also bring in a dual control over the use of staff cars and prevent their misuse to some extent. |
| 47 | 2.101 | To prevent misuse of cars it is very necessary that cars should be painted in particular double |

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| | | colours (like that of taxis) bearing in bold letters the name of the undertaking in conspicuous places (at least six inches with the words Government Undertaking and some emblem). Cars will not be made available for private' purposes under any circumstances. Rental business is bogus. A scheme in this behalf worked out properly and enforced in all the public undertakings. |
| 48 | 2.102 | The senior executives of public undertaking should be given a car allowance for maintaining their transport. They might be allowed to use the staff car for official work only and not for coming to and going from residence. Maintenance of huge fleets of cars and misuse of such vehicles causing severe drain on public sector resources must be prevented at any cost. For purchase of cars approvals must be obtained from the full board and while making such proposals the cost of the car, its maintenance costs which should include interest on the cost, depreciation, repairs, maintenance, oil and lubricant wages of drivers, garrage, insurance and cost of replacement of items like tyres, tubes, batteries etc. should be clearly stated. The cost of the chauffeur driven car in this country costs nearly about a rupee per kilo metre. |
| 49 | 2.103 | The low paid employees, however, should be helped in the matter of reaching their work site in time and if necessary their cost of transport should be subsidised. |
| 50 | 2.104 | Misuse of staff car when detected should be severely dealt with and higher the officer severer should be the punishment. |
| 51 | 2.105 | The Committee are also surprised to note that considerable expenditure has been incurred by CIWTC on hired cars especially during the visits of Chairman-cum-Managing Director/Prin- |

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		<p>cipal Adviser to Delhi. During the one year 1976-77, tourist luxury cars were hired in Delhi on 23 occasions involving a total expenditure of Rs. 4849 i.e. an average of over Rs. 200/- each time. The Committee are shocked to note that the Chairman-cum-Managing Director of the Company, which was losing about Rs. 4 crores of public money a year should resort to riding a luxury tourist car. This action is totally condemned.</p>
52	2.106	<p>The Committee regret to note that the budget estimates are not being prepared by the Corporation in a detailed manner and on any lines. The Corporation management seems to look upon the budget as a device for obtaining funds rather than an instrument of control and review of performance by the management. This may be true of other public undertakings also. The Committee would recommend that the position may be reviewed by the Bureau of Public Enterprises including the desirability of seeking Government approval to the Revenue Budgets of undertakings and detailed instructions issued in the matter at an early date.</p>
53	2.107	<p>The Committee are constrained to observe that while on the one hand the Corporation had been incurring heavy interest charges on loans, on the other it allowed heavy outstandings against sundry debtors which amounted to Rs. 444.22 lakhs as on 31-3-1976, out of which Rs. 54.61 lakhs were considered to be doubtful. The debts outstanding for more than 3 years amounted to Rs. 149.89 lakhs—Rs. 111.59 lakhs from Government Departments and Rs. 38.30 lakhs from private parties.</p>
54	2.108	<p>The Committee recommend that urgent and effective steps should be taken by the Central Inland Water Transport Corporation and the Ministry to realise the outstanding amounts expeditiously and to rationalise the procedure for ensuring expeditious payments of dues in future.</p>

(1)	(2)	(3)
55	2.109	<p>The Committee take a very serious notice of the following other deficiencies in the accounts and internal audit of the Corporation:—</p> <ul style="list-style-type: none"> (i) No physical verification of stocks and stores has been done since the inception of the Corporation in 1967. Even the stores taken over from R. S. N. Company were not verified at that time. Some physical verification was done in 1973 but it was not found acceptable. Substantial items of stores were pilfered and disposed of for private gains. <p>It was only in 1977 that a 100 per cent stores verification was started and though results thereof are yet to be known, the management expects discrepancies. What is worse is that there is no regular system of physical verification of stores in the Corporation.</p> <ul style="list-style-type: none"> (ii) There have been a number of cases of misappropriation of stores and cash defalcation/shortages in the Corporation. (iii) Voyage accounts of various river services, giving vessel-wise position of sailings, earnings etc., are in arrears since 1975. (iv) There have been inordinate delays in the finalisation of annual accounts of the Corporation. (v) Internal Audit has not been effectively organised despite instructions of the Bureau of Public Enterprises issued in 1968. (vi) Sale proceeds of assets like sale of vessels, land and buildings have not

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- | (1) | (2) | (3) |
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- been credited to Government account or deposited in a separate bank account.
- 56 2.110 Though the Ministry are stated to have issued instructions to the Corporation to rectify some of these shortcomings; the Committee feel that the remedy does not lie there. In fact the present Financial Adviser and Chief Accounts Officer of the Corporation, who is the custodian of finances and accounts of the Corporation, has proved to be thoroughly inefficient, ineffective and dishonest and is not at all equal to the tasks. Without his tacit concurrence, most of the shady deals which have been highlighted by the Committee in this and other reports, would not have fructified at all. The Committee recommend that suitable action should be taken against him for the lapses he has committed.
- 57 2.111 The Committee note that there are two types of audit to which the Government companies are subjected to i.e., one by Chartered Accountants' firms selected by Comptroller and Auditor General and the other supplementary or test audit by the Audit Boards of the Comptroller and Auditor General. This is the regular feature of audit conducted every year. Further the Committee note that under Section 233A of the Companies Act, Government have the power to direct special audit of accounts of a company whose financial position is such as to endanger its solvency.
- 58 2.112 The Committee are perturbed to observe that though the Corporation has been incurring heavy losses since 1967 and various irregularities and malpractices have occurred in its functioning only petty matters have been brought to light in the Audit Reports appended to Accounts and there have no special para in Comptroller and Auditor General's Audit Reports (Commercial) in this
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(1)	(2)	(3)
		Corporation so long. Had this been done, the Committee and the Parliament could have had an opportunity of examining the affairs of the Corporation before it came on the brink of disaster. In fact the Audit Board has only been a "rubber stamp" to whatever was observed by the private audit firms.
59	2.113	The Committee would like Comptroller and Auditor General to examine how this has happened. The Committee also trust that the Comptroller and Auditor General would take appropriate steps in this direction and ensure that losing public undertaking and those against whom there are serious allegations in the press, Parliament or otherwise, receive urgent attention and special scrutiny.
60	2.114	Further, in view of the unsatisfactory position of the Corporation's accounts and procedures, the Committee require that a special Audit of the account of the Corporation under Section 233A of the Companies Act be undertaken immediately, so that all the accounts and procedures etc., are set right.
61	2.115	The Committee are very much disappointed with the performance of the private audit. The Committee are positive that no useful purpose could be served by private auditors in the case of public sector undertakings. The Committee, therefore, strongly recommend that the system of employing private auditors for auditing public sector undertakings be done away with and the entire audit work be taken over by the Comptroller and Auditor General.
62	2.116	The Committee noted that the Corporation has a number of properties in Assam and West Bengal. The Committee would strongly recommend, in order to raise the resources, to dispose of such properties to the highest bidder and the Corporation keeping for itself minimum accommodation for future use.

(1)	(2)	(3)
63	2.117	In order to reduce its overhead expenses the Corporation should shift its head office to three places or distribute its offices at three places, viz., (1) Rajabagan Dockyard (2) Jagannath Ghat and (3) T.T. Shed, Fairlie Place. The building, conditions permitting could be sub-let at the present market rate preferably to the Central Government offices/Undertakings which will bring some money to the Corporation every month.
