

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1975-76)**

(FIFTH LOK SABHA)

EIGHTY-SIXTH REPORT

Action taken by Government on the recommendations contained in the Sixty-sixth Report of the Committee on Public Undertakings (Fifth Lok Sabha)

NATIONAL SEEDS CORPORATION LIMITED

(Ministry of Agriculture and Irrigation)



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1976/Vaisakha, 1898(S)

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1975-76)

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22. *Pandit Bhawani Prasad Tiwary

SECRETARIAT

Shri M. A. Soundararajan, *Chief Financial Committee Officer.*

Shri K. S. Bhalla, *Senior Financial Committee Officer.*

*Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 2-4-1976.

**ACTION TAKEN SUB-COMMITTEE OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS
(1975-76)**

1. Shri Nawal Kishore—*Chairman*.
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5. Shri C. K. Jaffer Sharief
6. Shri Damodar Pandey
7. Shri Atal Bihari Vajpayee

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report, on their behalf, present this Eighty-sixth Report on Action Taken by Government on the recommendations contained in the Sixty-sixth Report of the Committee on Public Undertakings (Fifth Lok Sabha) on National Seeds Corporation Limited.

2. The Sixty-sixth Report of the Committee on Public Undertakings was presented to Lok Sabha on the 28th April, 1975. The replies of Government to all the recommendations contained in the Report were received in batches and the last batch was received on the 10th March, 1976. The replies of Government together with the draft Report were considered by the Committee at their sitting held on the 2nd April, 1976 and the Chairman was authorised to finalise the Report and present it to Parliament.

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

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

4. An analysis of the Action Taken by Government on the recommendations contained in the Report of the Committee is given in Appendix XVI. It would be observed therefrom that out of the total number of recommendations made in the Report, 66 per cent have been accepted by the Government. The Committee do not desire to pursue 22 per cent of the recommendations in view of the Government's replies. Replies of Government in respect of 12 per cent of the recommendations have not been accepted by the Committee.

NEW DELHI;
April 23, 1976.

Vaisakha 3, 1898 (S).

NAWAL KISHORE SHARMA,
Chairman,
Committee on Public Undertakings.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in the Sixty-sixth Report (Fifth Lok Sabha) on National Seeds Corporation Limited, which was presented to the Lok Sabha on the 28th April, 1975.

1.2. Action Taken Notes have been received from the Government in respect of all the 82 recommendations contained in the said Report.

1.3. The Action Taken Notes on the recommendations of the Committee have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by Government:—Serial Nos: 1, 4, 5, 6, 7, 8, 11, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 27, 28, 29, 30, 32, 33, 36, 39, 40, 42, 44, 47, 48, 49, 52, 57, 58, 59, 60, 61, 62, 63, 64, 65, 67, 68, 69, 70, 71, 72, 73, 74, 77, 78, 79, 80 and 82 (Chapter II of this Report).
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies:—Serial Nos: 2, 3, 10, 12, 17, 26, 34, 35, 37, 38, 41, 43, 45, 53, 54, 55, 56 and 66. (Chapter III *ibid*).
- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration: Serial Nos. 9, 13, 25, 31, 46, 50, 51, 75, 76 and 81 (Chapter IV *ibid*).

1.4. The Committee will now deal with the action taken by Government on some of their recommendations.

A. ACHIEVEMENTS OF TARGETS

Recommendation Serial Nos. 9 & 31 (Paragraphs Nos. 2.50 and 3.56) Recommendation Serial No. 9 (Paragraph 2.50)

1.5. The Committee noted that the targets of production had not been achieved either in respect of acreage or quantity for one or the other reasons. From the figures of the off take the Committee found that targets of production had no relation to the off take. They also noted that the actual yield per acre varied divergently from the yield estimated in fixing the targets. In spite of this the Committee observed that the Ministry had neither investigated the causes of

shortfall in achieving the targets nor the reasons for the low trends in actual production per acre. The Committee recommended that the Ministry should critically go into the causes of such shortfalls in production and the low yield per acre with a view to taking suitable remedial action for improving the productivity.

The Committee also desired that Ministry should undertake a comparative study of production per acre obtained by NSC *vis-a-vis* the other progressive farms of the State Governments Farms or private farms situated near about State Government/Research Institutes and Agricultural Universities with a view to fixing suitable norms of production of seeds per acre in the NSC farms.

1.6. In reply, the Ministry stated (14-11-1975) that:—

“The recommendations of the Committee have been noted. As desired, a comparative study of productivity at the NSC farms *vis-a-vis* of other farms and other institutions will be got conducted. In this connection, however, it may be pointed out that in the case of SFCI, the new Chairman has already prescribed a Calender of Operations to determine norms of production. If this is completed, the same norms can be adopted for the NSC farms.”

1.7. In their further reply (23-1-1976) the Ministry stated: “Action has been initiated to collect information regarding seed production and economics of seed production at the farms of agricultural universities, SFCI, State Government farms and NSC Farms as submitted in reply to recommendation No. 3.57. On receipt of this information a comparative study will be made regarding production per acre obtained by NSC *vis-a-vis* farms of agricultural universities, SFCI and State Governments. At the same time all possible remedial measures like provision of required number of farm implements, development of land, providing necessary irrigation facilities, adjusting time of sowings and timely availability of inputs like seeds, fertilizers and pesticides/insecticides are being taken to ensure better achievement of targets.”

Recommendation Serial No. 31 (Paragraph 3.57)

1.8. The Committee recommended that the Government should undertake a comparative study of the production records and economics of production of foundation seed at the farms of the Corporation and those of other Government and Quasi-Government agencies at the Centre and in the States with a view to improve cultivation and production of foundation seeds at economic cost.

1.9. The Ministry stated in a reply (January, 1976):—

“The information is being collected from N.S.C. farms, farms of SFCI, State Government farms and farms of agricultural universities. Action has already been initiated and outcome of the study will be submitted to the Committee in due course.”

1.10. The Committee are not happy at the long time being taken by the Corporation in collecting the requisite information from various agencies. They would like the study to be completed expeditiously and action taken on the basis of the study with a view to improving cultivation and production of foundation seeds at economic cost. The Committee would also like that the outcome of study and the action taken in the matter may be reported to Parliament.

B. AREA CULTIVATED WITH HYBRID CERTIFIED SEEDS

Recommendation Serial No. 13 (Paragraph 2.74)

1.11. The Committee observed that the Corporation had assured that improved seeds alone would contribute to an increase in production by 15 per cent without obtaining an expert opinion on the subject. The Committee desired Corporation/Government to undertake a study of the production pattern with the use of hybrid varieties on the yield per acre so that the advantage of the use of hybrid *vis-a-vis* the local varieties improving the yield can be brought home to the notice of the cultivators.

1.12. In reply the Ministry stated (14-11-75):—

“No specific studies have been made to determine the increase in production obtained by using fresh certified seeds. In case of hybrid as compared to local varieties, yield potential is higher. The observation that no specific studies have been made to indicate that improved seeds could contribute to increased production by 15 per cent was made in the context that where a farmer to use fresh certified seed instead of using seed from his own production, the production would go by 15 per cent. It may be added that the difference in yield potential of newly evolved varieties as compared to local ones is studied under extensive field trials in judging the performance of the new varieties and precise data on the increase in yields compared to local ones are therefore available.”

1.13. The Committee reiterate their earlier recommendation that Corporation/Government should undertake a study of the production pattern with the use of hybrid varieties on the yield per acre so that the advantage of the use of hybrid *vis-a-vis* the local varieties could be quantified in precise terms and brought to

C. JUTE

Recommendation Serial No. 16 (Paragraphs 2.102 & 2.103)

1.14. The Committee found that the Corporation took up the production of foundation seeds of improved varieties of jute crop in 1964-65 under the directions of ICAR in one of its farms of Hempur.

The Committee noted that though the production of jute foundation seeds was stated to have been taken up under the directions of ICAR and the Board of Directors were so informed, the Corporation was unable to produce a copy of the direction given by the ICAR in the matter. They were not able to trace it in spite of their efforts. The Committee were also informed that "ICAR does not give such directions".

The Committee were not happy with these contradictory statements and selection of Hempur farm for production of jute foundation seeds and continuing the production from 1964-65 onwards despite the failure of the crops year after year. The Committee recommended that the whole matter should be investigated thoroughly with a view to fixing responsibility for the lapses. The Committee desired to be informed of the concrete action taken in the matter.

1.15. In reply the Ministry stated (January, 1976) that:—

"As per recommendations of the Committee, an Enquiry Committee consisting of the Chief Administrative Officer and Company Secretary was constituted by the Managing Director, *vide* office order No. 3(5)|CS| (as in Appendix I) NSC dated the 27th August, 1975 for investigation and fixing the responsibility. The Committee has already submitted its report, which is under the consideration of the Management. The report is expected to be placed before the Board of Directors at their forthcoming meeting for approval. Final action taken will be reported to the Committee."

1.16. The Committee note that though the matter has been investigated, the report is yet to be considered by the Board of Directors. The Committee would like that the matter should be finalised expeditiously and the results of the investigation together with the action taken thereon reported to Parliament without further delay.

D. YAMUNANAGAR FARM

Recommendation Serial No. 25 (Paragraph 3.24)

1.17. The Committee were not happy about the unwise action on the part of the Corporation in having taken up the unsuitable land for Yamunanagar Farm without going into the economics of the short term lease which resulted in a loss of Rs. 46,477. The Committee

desired that the entire matter may be investigated and responsibility for selection of an unsuitable land by the Corporation fixed.

1.18. In reply, the Ministry stated (December, 1975):—

“As per recommendation of the Committee, an enquiry committee was instituted by the Chairman, NSC/SFCI, in respect of Yamunanagar Farm of NSC and the report of the enquiry committee was considered by the Board of Directors of the NSC in its 63rd meeting held on 17-11-1975. The report of the Committee is enclosed (See Appendix II). The report reveals that the decision for taking over the Yamunanagar Farm for production of seeds was taken at the level of the Chairman after taking into account the *pros and cons* on merits of the case and the views expressed thereon. The Farm could not make profit because of natural calamities and to some extent due to non-investment made on account of lease being temporary.”

1.19. The Committee note that according to the Enquiry Committee's report, “the decision to take the land was taken at the highest level, after free exchange of views expressed about the merits and demerits of the proposal, from time to time **** the decision taken by the Management was based on the conditions prevailing at the relevant time and was bona-fide in the interest of the Corporation.” The Committee stress that Corporation should learn a lesson from this case and ensure that such deals are avoided in future.

E. CONDEMNATION OF SEEDS

Recommendation Serial No. 46 (Paragraph 7.26)

1.20. The Committee found that the loss incurred by the Corporation in the sale of condemned seed was to the extent of 70 to 85 per cent of the price. The Committee were informed that on the basis of realisable value, the loss amounted to more than Rs. 91 lakhs till end of 1972-73. In spite of this the Committee felt that Government had not considered this as a significant loss and seemed to be a complacent that they had already analysed the causes of the seed being declared unfit and condemnation was done by a Condemnation Committee. The Committee recommended that the entire matter including the deal with contract growers and procedure of condemnation should be thoroughly investigated with a view to pinpoint the shortcomings at the several stages and fix responsibility for the lapses. The Committee desired to be informed of the action taken in this matter.

1.21. In reply the Ministry stated (February, 1976) that:—

“It may be stated that the National Seeds Corporation produced foundation and certified seeds for the targetted acreage under high-yielding variety programme fixed by the Central Government in consultation with the State Governments. To the extent there was a short-fall in achieving the targets, the Corporation was left with surplus stocks of foundation seeds. Since seeds were subject to the phenomenon of ageing, they had to be condemned as they progressively fell below the minimum standards. The management of the Corporation reviewed the entire position in 1969. Since the seeds can be efficiently stored without any deterioration in quality for a period of three years in properly controlled conditions, they curtailed seed production from 1969 onwards and revalidated the seeds stored with them for sale. Rigorous quality control inspections were carried out on the stored seeds. As and when the seeds stocks with quality less than adopted by the Corporation were found, these were condemned and disposed of as other than seed. It may, therefore, be noted that the condemnation of seeds had to be done because they fell below the required quality standards. It is felt that no further investigation will be necessary as recommended by the Committee. It may be added that some of these aspects came for detailed discussion in Lok Sabha in response to a calling attention notice on 9-6-1971 and the Minister of State for Agriculture had then observed that the National Seeds Corporation should not be held responsible for the surplus stocks because they acted only as agent of the Government of India and produced foundation and certified seeds for the targetted acreage settled by the Central Government in consultation with State Governments. The position was also explained by Minister for Agriculture in a calling-attention notice in the Rajya Sabha on 29-8-73 regarding the reported destruction of wheat seed worth Rs. 1.00 crores by the National Seeds Corporation. With the implementation of the National Seeds Programme, the system of seed production through contract growers will be completely eliminated.”

1.22. The Committee are not convinced with the reply. The Committee reiterate their earlier recommendation that the matter should be investigated and the result of the investigation together with the action taken thereon should be intimated to Parliament.

Recommendation Serial No. 49 (Paragraphs 7.29 & 7.30)

1.23. The Committee felt that the certified seeds which had been condemned or were unfit for human consumption or even for consumption by cattle, could find way in the market and were likely to do so in actual practice. As such condemned seeds might involve danger to human lives. The Committee suggested that Government/ Corporation should examine whether seeds categorised as unfit for human consumption should not be destroyed under the supervision of competent authority. The Corporation might, however, utilise such seeds for preparation of starch under its direct supervision.

1.24. In reply the Ministry stated (14-11-1975):—

“N.S.C. has since decided to burn or bury the condemned seeds or dispose the seeds to the starch manufacturers for production of starch.”

1.25. The Committee reiterate that in case it is decided to utilise such seeds for production of starch, the Corporation should ensure that it is so done under its direct supervision.

F. PRICING POLICY

Recommendation Serial Nos. 50 and 51 (Paragraphs 8.11 and 8.12)

1.26. The Committee noted that no Standard cost had been fixed in respect of farms produce although the Corporation stated that price of both foundation and certified seeds were reviewed periodically and efforts were made to reduce the cost of production and also to keep the selling and distribution expenses to the minimum. The Secretary, Department of Agriculture, however, admitted during evidence that “the price charged by the NSC are at present almost the highest in the country or equal to the highest...”

The Committee found that, in spite of this, the Ministry had not so far examined in detail the pricing structure adopted by the Corporation in respect of foundation and certified seeds and the Corporation themselves arrived at a decision about the Pricing Policy. The Committee were informed that the Ministry had undertaken a review of the costing of the different operations of N.S.C. The Secretary of the Ministry also stated during evidence that “the Pricing Policy of organisations like N.S.C. would certainly need to be reviewed not only now but more or less continuously and quite frequently.”

The Committee recommended that the Ministry should complete their review of the pricing after going into all the elements of cost to effect suitable economies to keep the costs as low as possible and decide the pricing policy to be adopted in respect of foundation and

certified seeds of N.S.C. so that seeds may be available to the farmers at most economic prices.

The Committee also recommended that as admitted by the Secretary of the Ministry, Government should ensure that the Pricing Policy of the organisations like N.S.C. should be kept under continuous review so as to have a check on the prices charged from the farmers.

1.27. In reply the Ministry stated (January, 1976):—

“A review of the pricing policy of seeds produced by N.S.C. was undertaken in the meeting held for evaluating the performance of the NSC/SFCI under the Chairmanship of Secretary (Agriculture). As a result of this review, N.S.C. has announced reduction in the prices of seeds. A statement showing the actual prices charged during 1975-76 in comparison to prices prevailing during 1974-75 is attached (See Appendix III).

A Committee under the Chairmanship of Joint Secretary (Inputs) in the Department of Agriculture with Agricultural Commissioner, Chief (Agriculture), Planning Commission, Chairman of N.S.C./SFCI and Managing Directors of NSC as members has been set up to review the pricing policy of the Corporation from time to time. A copy of the Office Memorandum is enclosed (See Appendix IV).

1.28. The Committee reiterate that the Government should ensure that the pricing policy of N.S.C. vis-a-vis the State Farms Corporation should be reviewed from time to time with a view to keep a check on the selling prices and the standard costs of production of seeds and take steps to reduce the cost of production so that seeds may be available to the farmers at most economic prices.

G. WORKING RESULTS

Recommendation Serial No. 63 (Paragraph 11.8)

1.29. The Committee observed that no separate accounts were being maintained to assess the overall profitability of the Corporation between commercial and promotional activities nor was any analysis of the profitability made to find out the impact of the rate variance and the volume variance. In the absence of the operating results for commercial and developmental activities being worked out separately and in the absence of analysis of profits to determine the impact of rate and volume variance, the Committee

were not sure as to how far the sudden rise in the profits of Corporation during 1972-73 and 1973-74 reflected the efficiency in conducting the operations of the Corporation. The Committee, therefore, recommended that the working results of the promotional and commercial activities be maintained separately to identify areas where economies could be effected so that suitable remedial measures be taken in time by the Corporation. Again profitability analysis should be carried out to find out the impact of rate and volume variance.

1.30. In reply the Ministry stated (January, 1976):—

“At present, the Corporation is engaged in the following promotional and developmental activities:—

- (i) Seed certification.
- (ii) Training to technical staff of the various Organisations like State Governments, private seed producers etc., in seed technology.
- (iii) Distribution of mini-kits.
- (iv) The industrial Development Centre of the Corporation helps the indigenous manufacturers in the improvement of the designs and the quality of their equipment.

In accordance with the recommendations of the National Commission on Agriculture, the certification work is being transferred to the State Governments. By the end of 1975 NSC has been left with certification work in respect of only 3 States viz., Uttar Pradesh, Madhya Pradesh, Rajasthan† and it is expected that these States would also take over the certification work shortly.

The National Seeds Programme envisages that NSC will continue to organise the other promotional activities referred to above in the overall interest of seed industry.

The NSC has stated that as soon as the certification work is completely taken over by the States, expenditure incurred on commercial and promotional activities will be booked separately, so as to enable the management to identify areas where economy would be effected.”

1.31. The Committee reiterate that an analysis of the profitability of the Corporation should be carried out to find out the impact of the rate variance and volume variance. The working results of promotional/commercial activities should also be maintained

*7 as intimated by the Corporation at the time of factual verification.

†Punjab, Himachal Pradesh, Jammu & Kashmir and Delhi (as stated by NSC at the †Time of factual verification).

separately so that the Corporation can identify areas where economies could be effected and take timely suitable remedial measures where necessary.

H. INVENTORY CONTROL

Recommendations Serial Nos. 71 and 72 (Paragraphs 11.47 & 11.48)

1.32. The Committee noted that the Corporation had been making purchases of certification materials from year to year without any regard to the consumption of such materials or the balance of stock available with the result that packing and certification materials of the value of Rs. 1.59 lakhs and Rs. 2 lakhs had to be condemned and disposed of in 1971-72 and 1972-73 respectively. The Committee found that while the consumption ranged from Rs. 14 to 40 lakhs the purchases ranged from Rs. 15 lakhs to 66 lakhs between the period 1968-69 to 1973-74. The Committee were informed that Corporation had been purchasing the certification and packing materials based on the production programme to ensure that packing and processing of the seeds was not held up on account of non-availability of certification materials. The marginal extra stock was attributed to non-achievement of targetted production programme. The Committee failed to understand as to why purchase of certification materials should not be regulated with reference to actual requirement taking into account the material already available with the Corporation. They recommended that this matter should be investigated with a view to fixing responsibility for making excessive purchases.

The Committee recommended that Corporation should undertake a review of the stock of the packing and certification materials on hand with a view to identifying items which are obsolete or unserviceable and take action for their disposal in the best interests of the Corporation. The Committee would like to be kept informed of action in the matter.

* 1.33. In reply the Ministry stated (January, 1976):—

“As per recommendations of the Committee, an Enquiry Committee consisting of Chief Administrative Officer and Company Secretary was constituted by the Managing Director *vide* order No. 3(5)/74-CS/NSC dated the 27th July, 1975 (as in Appendix V) for investigation and fixing the responsibility. The Committee has already submitted an interim report which is being considered by the Management. The final report will be placed before the Board of Directors for their approval. The final actions taken will be reported to the Committee.

As per recommendations of the Committee a review is being undertaken of the existing stock of packing and certification materials so that the items which are obsolete or unserviceable are identified and disposed of in the best interest of the Corporation.

In this regard all the Units have been asked to furnish the requisite information *vide* letter No. Pur/NSC-28(1)-75-76 dated the 22nd November, 1975, so as to ensure that the obsolete unserviceable items of certification material are disposed of immediately and no further expenditure on their storage is incurred, the Regional Managers in consultation with their respective Zonal Managers have been authorised to condemn certification materials upto Rs. 1,000 in each case and arrange their disposal *vide* circular No. 13 (2)/74-75/NSC(P) dated the 18th August, 1975."

1.34. The Committee would like that the result of the enquiry into excessive purchases of certification materials and the review of stock of obsolete and unserviceable items and their replacement/disposal should be analysed expeditiously and the action taken in the matter reported to Parliament at the earliest opportunity.

I. REVIEW OF THE SYSTEM, PROCEDURE AND OPERATIONS OF THE CORPORATION

Recommendation Serial No. 73 (Paragraphs 11.52 and 11.53).

1.35. The Committee noted that although the scope and function of Internal Audit provided a review of the systems, procedures and operations of the Corporation as a whole the Corporation had not so far conducted such a review. They felt if such a review of the operations of the Corporation had been conducted it would have enabled pin-pointing many of the lapses which the Committee had come across in this report. The Committee urged that Internal Audit was one of the effective tools of Management to plug the loop-holders in the working of an undertaking. The Committee, therefore, recommended that the Corporation should intensify its Internal Audit and conduct appraisal of the operations of the undertaking and report to its top management from time to time with a view to taking remedial action then and there.

1.36. In reply the Ministry stated (January, 1976):—

"Necessary proposal for strengthening the Internal Audit Department is under consideration of the Management. As

soon as the strengthening of the Internal Audit Department is finalised, programme of review of system and operations of the Corporation will be drawn up."

1.37. The Committee would like that an early decision may be taken in the matter and the Internal Audit strengthened without delay.

J. SEED PRODUCTION ASSISTANTS

Recommendations Serial Nos. 75 and 76 (Paragraphs 12.25, 12.26, 12.27 and 12.28)

1.38. The Committee concluded that the staff in Headquarters had been recruited much in excess of requirements on the basis of unrealistic targets of production with the result that the Corporation had to carry on the surplus throwing an additional burden on the finances of the Corporation to the extent of more than Rs. 2 lakhs per annum.

The Committee also observed that while there are extra staff in the Headquarters according to the assessment by the Staff Inspection Units, the regional offices were stated to be short of staff. The Committee, therefore, recommended that it was time that Government should take stock of the programme of the Corporation and the role expected of it and made objective assessment of the staff requirements both at the Headquarters and Regional Offices consistent with the role and objective assigned to the Corporation and rationalise the staff strength.

1.39. In reply the Ministry informed the Committee (January, 1976):—

"The Board of Directors at their 45th meeting held on 27th September, 1971, desired that the staff position in respect of Regional Offices/Farms may also be reviewed and reported to the Board. The Staff Assessment Committee constituted under the Chairmanship of Dr. Y. R. Mehta submitted its report in April, 1974. In the meantime the Ministry of Agriculture had stated thinking in terms of the National Seed Programme under which the role of NSC would have been undergone changes. The National Seeds Programme has since been formulated and accepted. In the light of the decision to take up a National Seeds Programme with the assistance of the World Bank on the role to be played by the N.S.C. in the National Seed Programme, the staff strength at the Headquarters and Regional

Offices of N.S.C. is being reviewed by the Board of Directors. At the same time State Governments have been advised to utilise the services of the experienced staff of N.S.C. to the extent possible to man the State seed Corporations."

1.40. The Committee reiterate that Government/Corporation should lose no time in reviewing and rationalising the staff strength at the Headquarters and Regional Offices of the Corporation in the light of the decision to take up the National Seeds Programme with the assistance of the World Bank and the role to be played by the Corporation in the Programme.

K.N.S.C.S' STAFF

Recommendation Serial No. 77 (Paragraph 12.29)

1.41. The Committee invited the attention of the Government to their recommendation (in paragraph 1.14) of the Report where they had suggested that arrangements for coordination between the State Farms Corporation and the NSC should be finalised so as to ensure the expertise available with NSC and the optimum utilisation of the farms of SFCI. The Committee desired that in assessing the staff requirements of the NSC, the Government should keep this recommendation in view in order to utilise the expertise developed by the NSC more profitably both in respect of the NSC and SFCI.

1.42. In reply the Ministry stated (January, 1976):—

"There is now a common Chairman for both SFCI and NSC and the two Corporations are functioning in an integrated manner. Fortnightly joint meetings are arranged for coordinating the work. The expertise available with NSC is being utilised at SFCI farms and larger production programme has been taken up by NSC on SFCI Farms. A policy decision has also been taken that the production, processing, and marketing of seeds on SFCI farms be taken up in a coordinated manner and detailed instructions have been issued demarcating the responsibility of NSC and SFCI and operational arrangements to be made by both the Corporations. Under National Seeds Programme, a number of State Seed Corporations are being set up. The State Governments have been requested that the personnel requirements of these Corporations should be to the extent possible met from the experienced staff available with NSC. The Punjab Government has already agreed

to accept on trial basis a substantial portion of the NSC staff in Punjab for manning the posts in the State Seed Corporation."

1.43. The Committee note that the Government of Punjab have already agreed to accept on trial basis a substantial portion of the NSC Staff for manning the posts in their State Seed Corporation. The Committee suggest that Government/Corporation should make efforts to persuade other State Governments also to accept the experienced staff available with NSC for manning the posts in their State Seed Corporations.

L. COMPLAINTS

Recommendation Serial No. 79, (Paragraph No. 13.7)

1.44. The Committee feel that the two cases (i) shortages of seeds in the stock of Bhopal Sub Unit and (ii) Shortages of stock at Srirampur Sub-Unit were Symptomatic of the maladministration and laxity prevailing at the field level in the Corporation. They were indicative of the facts that:— (i) maintenance of accounts of stores/seeds was not satisfactory (ii) there was no system of handing over and taking over charge of stores (iii) reconciliation of shortages was either not done or delayed (iv) procedure of accounting of issues to sub-stores was irregular and (v) there was no proper follow up of the observations of Internal Audit by the Finance and Management.

The Committee recommended that the cases should be thoroughly investigated and action taken against those found responsible for the lapses.

1.45. In a reply the Ministry stated (January, 1976):—

"As per recommendations of the Committee, an Enquiry Committee has been constituted by the Corporation *vide* its order No. 1 (15) |75|Vig|NSC dated the 26th July, 1975 (See Appendix VI) for investigations and fixing the responsibility. The investigations are under way. Final action taken will be reported to the Committee in due course."

1.46. The Committee note that an Enquiry Committee was set up in July 1975, to investigate these cases and to submit its report within a period of one month i.e., by August, 1975. The Committee regret to observe that the Ministry which were requested in February, 1976 to give the latest position have not been able to state whether the investigations have been completed or not. The Committee are not

happy at the long time taken by the Ministry in completing the investigations and urge that the investigation should be completed expeditiously and the results thereof together with the action taken in the matter reported to Parliament at the earliest opportunity.

M. COMPLAINTS—UNWISE PROCUREMENT FROM VESTED INTERESTS

Recommendation Serial No. 81 (Paragraph 13.11)

1.47. The Committee recommended that a thorough investigation should be made into the whole case keeping in view the observations of the Gadgil Committee particularly the fact that the farm belonged to the wife of a Director of the Corporation.

1.48. In reply the Ministry stated (December 1975) that:—

“The Chairman, NSC has already appointed enquiry officer for thorough investigation into the matter. The result of the enquiry will be reported to the Committee in due course.”

1.49. The Ministry in a further reply (23rd January, 1976), informed the Committee as under:—

“(i) Shri K. C. Aggarwal, Administrative Officer was deputed to investigate the matter.

(ii) As per recommendations of the Committee on Public Undertakings, the whole case was required to be thoroughly investigated keeping in view the observations of Gadgil Committee particularly, the fact that the farm belong to the wife of a Director of the Corporation.

As per observations of the Gadgil Committee the points requiring investigations were:—

- (a) Area of seed production, inspection and rejection, if any.
- (b) Total quantity of seed procured and the average yield per acre.
- (c) Whether, it was unwise procurement from vested interests.
- (iii) The report has already been submitted by Shri Aggarwal on 2nd December, 1975 and is under the consideration of the Management”.

1.50. The Committee are not happy at the long time taken by the Management in Finalising the matter. They would like that the results of investigation together with the action taken in the matter may be intimated to Parliament without further delay.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation Serial No. 1, (Paragraph 1.11)

The Committee note that while according to Government the Corporation has been able, by and large, to achieve the principal objectives for which it was set up in July, 1963, Government have not so far defined the precise role of the Corporation *vis-a-vis* the other agencies engaged in the work of production, marketing and certification of seeds. The Committee are also surprised to note that though it is now more than eleven years since the Corporation has been functioning, it has not formulated a statement of objectives and obligations. In this connection the Committee wish to invite the attention of Government to their recommendation contained in paragraph 1.44 of their 40th Report 1973-74 on 'Role and Achievements of Public Undertakings' wherein they had *inter-alia* recommended that micro objectives both financial and economic of each public undertaking should be set out and presented to Parliament. The Committee recommend that in the present context of limited availability of certified seeds it is high time that Government should precisely lay down the objectives and obligations of the Corporation and bring them before the Parliament so that the Corporation is left in no uncertainty about its goals and functions.

Reply of Government

In the light of the recommendation made by the Committee the National Seeds Corporation has prepared a statement indicating the financial and economic objectives of the Corporation. The Government of India have had occasion to review the working of the entire seed industry and in the context of preparation of National Seed Programme for meeting all requirements of high quality seeds, the role of the National Seeds Corporation in such a programme has been clearly set forth. A copy of the N.S.P. is enclosed (See Appendix VII). The role of the N.S.C. has been spelt out at paras 11.1 to 11.18 of pages 113 to 119.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F. 1—7/75-SD, dated the 14th November, 1975]

Recommendation Serial No. 4, (Paragraph Nos. 2.19 and 2.20)

In regard to certified seeds it was stated that since NSC was one of the many agencies producing certified seeds the Corporation had by and large met the demand. The Ministry have, however, admitted that one of the principal reasons which contributed to the gaps in supply of the seeds lay in the fact that there was no precise information of the seeds requirements nor coordinated approach towards production of quality certified seeds. The Committee are constrained to observe that in spite of the Corporation being in existence for over 10 years as admitted by the Ministry, there was no scientific method of assessing the requirements of both foundation and certified seeds in a realistic manner.

The Committee were informed that Government of India have since 1972-73 been organising periodical conferences with the representatives of the State Governments and all India seeds producing organisations so that a coordinated view could be taken of the seeds requirements and arrangements for production of seeds.

The Committee recommended that in the interest of making the appropriate quality of seeds available to the farmers in time, Government should evolve a method by which a realistic assessment of the requirements of different varieties of seeds is made and also take steps to precisely demarcate the responsibility of State Governments and All India Seeds Producing Organisations like the State Farms Corporation and Tarai Development Corporation in order to ensure a coordinated approach towards production of quality seeds of the required varieties and making them available to the farmers...

Reply of Government

Reply to Para No. 2.18 also covers the conclusions/recommendations made in paras 2.19 and 2.20.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F. 1—7/75-SD, dated the 14th November, 1975]

Further Information called for by the Committee

Please furnish details regarding demarcation of responsibility for production of seeds.

(Vide Lok Sabha Sectt. O.M. No. 18-PV/75 dated 14th January, 1976.)

Further Reply of Government

The National Seeds Programme (NSP) with the assistance of World Bank is under finalisation and in this the responsibility for

assessment of seed requirement, production of foundation and certified seeds, seed marketing has been clearly demarcated.

The National Seeds Corporation will assess the seed requirement for inter-state marketing and shall allocate the quantum of seed production to various constituents. Demand for local varieties is to be assessed by the SSCs. Agricultural universities, NSC and SFCI farms will be responsible for production of foundation seeds. The State Seeds Corporations and SFCI farms in the project areas will be responsible for production of certified seeds. The NSP is scheduled to start from kharif 1976 season.

(Vide Ministry of Agriculture and Irrigation O.M. No. 1-7/75-SD dated 23rd January, 1976).

Recommendation Serial No. 5 (Paragraph No. 2.21)

The Committee note that although the requirements of foundation and certified seeds for Fifth Plan have been worked by the Corporation after discussion with the seed Division of the Ministry of Agriculture as 107 tonnes, 240 tonnes, 160 tonnes, 530 tonnes and 5628 tonnes for maize, sorghum, bajra, paddy and wheat respectively, the foundation seeds requirements according to the Ministry are stated to be 209 tonnes, 288 tonnes, 160 tonnes, 450 tonnes and 4,000 tonnes respectively for the aforesaid variations. They are unable to understand the wide variations. In the seed requirements of the aforesaid varieties which are stated to have been finalised after discussion with the Ministry. Similar variations are also noticed in regard to the requirements of certified seeds. The Committee would, therefore, like that the Ministry should work out the firm requirements of foundation seed and certified seeds and communicate the same to the Corporation so that the Corporation may plan its production programme on a realistic basis.

Reply of Government

The initial targets for foundation and certified seeds during Fifth Plan worked out was based upon the production targets set for different crops in the Fifth Plan and back calculations on the basis of likely areas to be covered under certified and foundation seed requirements. As a result of the Zonal Conferences some improvement in assessment of seed requirement in a more precise manner has been possible and on this basis the seed requirements have been worked out again. On the basis of the experience gained so far seed requirements of foundation and certified seeds have again been worked out as a part of the National Seeds Programme which are given in

tables in para 5.13 on page 70 of the National Seed Programme Report.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. F. 1-7/75-SD, dated the 14th November, 1975]

Recommendation Serial No. 6 (Paragraph Nos. 2.38 and 2.39)

The Committee note that the targets of acreage under maize have increased from 1620 acres in 1966-67 to 3780 acres in 1969-70 and correspondingly the production targets have also increased from 2240 quintals to 4590 Qtls. during this period. The targets of acreage under sorghum have increased from 1900 acres in 1966-67 to 2527 acres in 1969-70, and the production targets have also increased from 3700 qtls. to 6650 qtls. Similarly in the case of bajra the targets of acreage have increased from 370 acres in 1966-67 to 715 acres in 1969-70 and the production targets have also increased from 290 qtls. to 1235 qtls.

The Committee also note that the actual production of foundation seeds of maize during 1966-67 and 1967-68, of sorghum during 1967-68 and bajra during 1966-67 was more than the target of production in spite of the cultivated acreage being less than the targetted acreage. The Committee were informed that the targets of production of foundation seeds were fixed by the Corporation in February, 1967 and were based on the estimated coverage of the total cultivated area with hybrid seeds and the quantity certified seeds required therefore, after providing a cushion of 50 per cent to avoid any contingency of non-availability of seeds due to crop failure or fall in yield.

The Committee note that the targets of production were fixed on the basis of a decision of the Corporation in February, 1964 to produce foundation seeds sufficient not only for the next years' sowing but also to cover 50 per cent of the needs for the second year following in order to avoid any contingency of non-availability of foundation seeds due to crop failure or fall in yield. The Committee regret to observe that these targets of production had not been reviewed year to year on the basis of actual production and off-take during the year and the balance available at the end of the year, with the result that there was an accumulation of 15304 qtls. of foundation seeds valued at Rs. 669 lakhs as on 31st December, 1969. The Committee have given their recommendations regarding accumulation of these seeds and their condemnation elsewhere in this Report.

Reply of Government

The National Seeds Corporation had decided in 1967 to produce 50 per cent more of foundation seeds than what was necessary on the basis of estimation of the order of certified seed production programme to be taken up in a subsequent year. This was done in order to ensure that on account of any adverse agro-climatic conditions if the foundation seed crop suffer, this would not pose acute shortage of foundation seeds. This does not mean in effect that NSC had decided to produce the foundation seeds for a particular year and 50 per cent of the requirements for the next subsequent year. The production targets had been basically drawn up on the basis of the High Yielding Varieties Programme in the different areas and back calculating from this the requirements of certified seeds, the likely year of seed production programme and the foundation seeds required for taking up such certified seed production programmes. Since the foundation seeds are required to be produced at least two years ahead if there is any shortfall in the off-take of seeds of the coverage under HYVP some surplus of foundation seeds will get built up. The Committee's observations and recommendations in regard to accumulation of seeds and condemnation have been noted by Government and replies to recommendation Serial Nos. 43 and 44 may also kindly be referred to in this connection.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F. 1—7/75-SD, dated the 14th November, 1975]

Recommendation Serial Nos. 7 and 8 (Paragraph Nos. 2.40 to 2.43)

The Committee also note that though in February, 1967 when the targets of production of foundation seeds were approved by the Board, it was stated by the Management that the targets were worked out in consultation with the Ministry and actual production would be taken up on the basis of firm indents from State Governments, no firm indents in writing were received from the State Government because such a practice was not stated to be there at that time and production was based on the targets indicated by State representatives in the Conference and during discussions.

The Committee were informed that it had not been possible to locate any specific file containing the record of discussions which the officers of the National Seeds Corporation had with the representatives of the Ministry.

The Committee also note that on the basis of Board's decision in January, 1970 the Ministry were informed in April, 1970 that the production of foundation seeds of hybrid maize, sorghum and bajra

was arranged by the Corporation with reference to targets fixed by the Government under the High Yielding Variety Programme which envisaged coverage of 19.5 million acres of cultivated area with hybrid seeds by 1970-71 and because of non-achievement of these targets by the State Governments, the Corporation was compelled to carry high stocks.

The Committee, however, find that in September, 1970, the Ministry informed the Corporation that "there is nothing in our files to show that Government issued any directives or advice regarding the quantity of seeds to be produced nor is there anything to suggest that NSC was to be guided in their seed production programme merely by high yielding varieties targets programmes indicated by the States or discussed with the Central Team meetings". The Committee were, informed that the assessment was made by the Team of the Ministry of Agriculture and the targets were fixed based on that assessment and the information received from the Regional Managers.

The Committee also note that the target for coverage of hybrid seed was fixed by the Government of India at 12 million acres from 1966-67 to 1970-71 and that this was stated to have been used for all correspondence with Corporation and State Governments.

The Committee are, therefore, not clear as to how the Corporation could assume the target for coverage of hybrid seeds during this period as 19.5 million acres.

The Committee are informed that "the precise date at which time the targets of 12 million acres was fixed for coverage under maize, sorghum and bajra and when it was decided to raise the targets to 19.5 million acres were required to be ascertained on the basis of old records which are not readily available. Efforts had been made to locate any records showing the basis of the revised target of 19.5 million acres but it has not been possible to trace any such records."

From the foregoing, the Committee are, convinced that Corporation had been going ahead with the production of foundation seeds without any correct assessment of its requirements and fixing targets on unrealistic basis and without any firm indents from the State Governments resulting in a huge loss to the Corporation. Neither the Ministry nor the Corporation could prove the veracity or the correctness of the targets so fixed. The Committee, therefore, recommend that the entire matter including the non-availability of the records of discussions between the NSC and the Ministry regarding targets should be thoroughly investigated with a view to pinpoint the

responsibility for the lapses at all levels and the Committee informed of the action taken.

Reply of Government

The recommendation of the Committee has been accepted. It has been decided to conduct a detailed enquiry into the circumstances leading to the adoption of target of 19.5 million hectares under high yielding varieties by NSC in connection with their seed production programmes. A team to conduct the enquiry has been constituted, and the final action taken will be intimated to the Committee after completion of the enquiry.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. I—7/75-SD, dated March, 1976].

Recommendation Serial No. 11 (Paragraph No. 2.61)

The Committee also note that the production of certified seeds of maize, sorghum and bajra have shown considerable improvement in 1970, 1971, 1972, 1973, and 1974. The Committee were informed that while production of certified seeds was undertaken by the Corporation on the basis of the estimated requirements and not against the specific indents, specific targets of production are laid down by the Corporation for evaluating the performance. The Committee are not sure how in the absence of data relating to the country's requirements of certified seeds, the Corporation satisfied itself that its production did not exceed the limit of 5 per cent to 10 per cent of the country's requirement envisaged by it. The Committee would like that the Corporation should be clear about its specific role in the production of certified seeds and set its targets accordingly to obviate unnecessary accumulation of seeds with the attendant risk of deterioration and losses.

Reply of Government

The production of certified seeds by the Corporation in the preceding years was not based on meeting any fixed percentage of country's requirements. The Corporation has been basing the production of certified seed on demand assessment for sale of NSC seeds. The National Seeds Programme has assigned specific roles to various organisations in the field of seed production and distribution and according to the National Seed Programme N.S.C. will not be producing certified seeds.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F.1—7/75-SD, dated the 14-11-1975]

Recommendation Serial No. 14 (Paragraph No. 2.82)

The Committee note that the programme for wheat seed multiplication was taken up by the Corporation from 1967-68 and except in 1967-68 and 1971-72 the targets for acreage for foundation seeds of wheat were not achieved while in terms of quantities the targets were not achieved except in 1971-72. In regard to the wheat certified seeds, the targets for acreage and quantity were not achieved in any year.

Reply of Government

The above observations have been noted.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated January, 1976].

Recommendation Serial No. 14 (Paragraph No. 2.82)

The Committee also notes that in the case of Paddy foundation seed, the targets in terms of quantity were not achieved in any of the year and in terms of acreage the targets were not achieved except in 1967-68. The Committee note that during the period 1969-70 to 1972-73, in the case of paddy certified seeds, the targets in terms of acreage were not achieved except in 1972-73 while in terms of quantity except in 1971-72. In spite of these shortfalls, the Committee regret to observe that no analysis of the reasons for non-achievement of targets and for the actual yield being less than anticipated had been made by the Corporation till 1973. The Committee were informed that no such analysis was also conducted by the Ministry. However, according to the Ministry, the main difficulties experienced by the Corporation were the inability of the Corporation to get sufficient number of contract seed producers under the particular seed crops and non-return of the entire quantities of seeds by the contract growers to the Corporation because of their inclination to sell their seed as grain which fetched higher prices than the procurement prices offered by the Corporation. The Committee have already recommended in their 54th Report on State Farms Corporation that NSC should utilise the large areas in the farms of the SFCI for the production of their quality seeds. The Committee urge that Corporation/Government should consider eliminating the system of procurement of seeds through contract growers and supplement their requirements of seeds through the SFCI and other State Farms.

Reply of Government

Under the NSP, the system of contract production through growers will be eliminated and the State Seeds Corporations and NSC will

market the seed produced by the seed growers on service charge basis. The facilities available with Central State Farms will also be fully utilised for production of certified and foundation seeds.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F. 1-7/75-SD, dated 14-11-1975]

Recommendation Serial No. 16 (Paragraph Nos. 2.102 and 2.103)

The Committee note that the Corporation took up the production of foundation seeds of improved varieties of jute crop in 1964-65 under the directions of ICAR in one of its farms of Hempur. The Committee also note that the targets of foundation seeds increased from 432 qtls. in 1965-66 to 560 qtls. in 1968-69 and thereafter the targets were reduced. Against these targets, the actual production has been nil in 1965-66, 18 qtls. in 1966-67, nil in 1967-68 and 97 qtls. in 1968-69. The Committee regret that in spite of low yields per acre right from the 1965-66, the Corporation has not analysed the reason for the low yield during 1966-67 and 1968-69 and reported to the Board of Directors. Even thereafter, against the reduced targets of 140 qtls. in 1969-70, 123 qtls. in 1971-72, 244 qtls. in 1972-73, 330 qtls. in 1973-74, the production has been of the order of 50 qtls. in 1969-70 to 296 qtls. in 1971-72, 95 qtls. in 1972-73 and 140 qtls. in 1973-74. Despite this poor performance the failure of the crop, the Corporation continued the production of seed year after year. The Managing Director admitted during evidence that "It is a mistake We are restricting the seed production on that farm now." The Committee were informed that Hempur was a new area and the production arranged there was on the basis of exploring the suitability of the area. The Committee feel that if this was an experimental effort then the Corporation should have undertaken production on a pilot scale and not continued the production without taking into account the actual yield achieved in the preceeding years.

The Committee regret to note that though the production of jute foundation seeds was stated to have been taken up under the directions of ICAR and the Board of Directors were so informed, the Corporation was unable to produce a copy of the direction given by the ICAR in the matter. They were not able to trace it in spite of their efforts. The Committee were also informed that "ICAR does not give such directions".

The Committee are not happy with these contradictory statements and selection of Hempur farm for production of jute foundation seeds and continuing the production from 1964-65 onwards despite the failure of the crops year after year. The Committee

recommend that the whole matter should be investigated thoroughly with a view to fixing responsibility for the lapses. The Committee would like to be informed of the concrete action taken in the matter.

Reply of Government

As per recommendations of the Committee, an Enquiry Committee consisting of the Chief Administrative Officer and Company Secretary was constituted by the Managing Director, *vide* office order No. 3(5)/74-CS/NSC dated the 27th July, 1975 as in Appendix I for investigation and fixing the responsibility. The Committee has already submitted its report, which is under the consideration of the Management. The report is expected to be placed before the Board of Directors at their forthcoming meeting for approval. Final action taken will be reported to the Committee.

[Ministry of Agriculture and Irrigation, Department of Agriculture, U.O. No. 1—7/75-SD dated the Jan. 1976].

Further Information called for by the Committee

The report of the Enquiry Committee was to be placed before the Board of Director at their forthcoming meeting for approval. Please state the latest position and the action taken thereon.

[Lok Sabha Sectt. O.M. No. 18-PU/75 dated 27-2-1976]

Comments of the Committee

Please see paragraph 1.16 of Chapter I of the Report.

Recommendation Serial Nos. 18, 19 and 20 (Paragraph Nos. 2.113, 2.114 and 2.115)

The Committee regret to note that though the Corporation arranged for production of certified seeds of Taichung Native I variety of Paddy through contract growers in Andhra Pradesh and procured 9,933 tonnes for sale to the State Governments and the Food Corporation of India, only a quantity of 7,300 tonnes were lifted by the State Governments and FCI and they could not be forced to lift the balance quantity in the absence of formal agreements. The Committee were informed that though indents were received from the State Governments before undertaking production through contract growers, according to Corporation such indents were only "Commitments" and not "binding contracts". Even so, the Committee see no reason why on the basis of such commitments the Corporation should not have asked the State Governments and the FCI to lift the balance quantities.

The Committee, however, find that the quantities supplied to the Government of Madhya Pradesh was much in excess of their indented quantity while those supplied to Punjab and Food Corporation were much less than the quantities indented by them. The Committee regret to note that no papers are available to indicate the stage at which Andhra Pradesh or the FCI intimated their reduction in off-take.

The Committee also note that besides, the States which sent their indents there were 8 other States to whom seed was supplied without their indents. The Committee are not sure about the basis on which such supplies were made to these States when the production was stated to have been taken on the basis of indents from specific States.

The Committee are also informed that the programme was coordinated by the Ministry of Agriculture and the Corporation had no idea about the extent of the demand. It was stated that the Corporation took up the programme at the instance of the Ministry and the basic records were also maintained by the Ministry. The Committee regret to observe that neither the basic information about the availability of record furnished to the Audit nor the concerned record was made available to them.

The Committee are not happy at the way in which the Corporation undertook the programme without any definite instructions from the Ministry and without firm "binding" contracts from the State Governments and FCI.

The Committee have already commented about the production of seeds in excess of the demand and without firm commitments thus resulting in condemnation and ultimate loss to the Corporation.

The Committee note that the left-over stock of 2,633 tonnes were stored in godowns out of which 750 tonnes valued at Rs. 4.05 lakhs were found unfit for use as seeds and the same were disposed of as food grains to the Food Corporation of India resulting in a loss of Rs. 2.18 lakhs. The Committee are informed that arrangements for storage of seed and had been made in the godowns of Central Warehousing Corporation and the space as selected by the officials of National Seeds Corporation.

Reply of Government

The observations of the Committee are noted. It has not been possible to locate the file in which indents for this variety of paddy were received, supplies were finalised etc. and which were dealt with

by late Shri G. V. Challam and therefore it is not possible to check the position in respect of various points raised in the Committee's observations.

It may be added that the Corporation have introduced the 'custom production system' with effect from Kharif 74 season. Under this system, the indenting parties are required to remit 10 per cent advance with their indents. The advance is adjusted in the last instalment of supply. In case of failure in lifting the indented quantities of seeds, the advance is liable for forfeiture. The bulk of seed production programme is organised in custom production basis, e.g. in respect of wheat during Rabi 1975-76 custom production accounts for roughly 50 per cent of the total production.

[Ministry of Agriculture and Irrigation, Department of Agriculture U.O. No. 1-7/75-SD dated the January, 1976]

Recommendation (Serial Nos. 21 & 22 Paragraphs 2.136—2.139)

The Committee note that Padma Variety (CR. 28-25) was released by the Central Variety Release Committee of the Central Government on 23rd December, 1968. At the time of release of this variety the sponsoring institution recommended that the variety may be released as summer crop in Bihar to replace TNI Paddy and also in Kharif season. The variety was also recommended to replace Chinsura Boro I and II in the Boro season in West Bengal and also for cultivation in Kharif after jute where irrigation facilities exist. The Corporation undertook the multiplication of this variety on its farm at Hempur in 1969 and also through contract growers. The literature issued by the Corporation also recommended the use of this variety for sowing "Kharif" season in West Bengal and Bihar.

The Corporation also undertook production of certified seed of this variety during Kharif 1969 in West Bengal and Bihar and also through contract growers in Bihar under the State Government Programme but the entire crop in these two States were found to have been infested with virulent disease. In addition, some quantity of certified seed of this variety was also sold in West Bengal and Bihar for commercial cultivation during Kharif 1969. The crops in these areas also failed contributing to a considerable loss of rice to the cultivators.

The Committee note that when, the Corporation made a reference to the ICAR in January, 1970 to ascertain the possible reasons for failure of the crops, the latter intimated "Padma was not recommended by the Central Variety Release Committee for cultivation in the Kharif season. It does admirably well in the rabi season . . .

We can confidently take up extensive cultivation of this variety during the summer season in Bihar, West Bengal and Orissa." The Committee also note that since the original release paper, the sowing season for this variety in Bihar was shown as 'Kharif' instead of 'summer', the Ministry in accordance with the opinion of ICAR, intimated in June, 1970 to Bihar Government that cultivation of Padma variety should be discouraged in "Kharif" and taken as a "summer crop".

The Committee are surprised that in spite of the opinion of the ICAR, the Corporation still hold that Padma variety is suitable for Kharif in Bihar and there is nothing wrong in the supply of seeds to Bihar and West Bengal. The Committee are informed that the failure of this variety during 1969 was brought to the notice of the Corporation and this was communicated to all State Governments and NSC in June, 1970 by which time the seed had already been distributed. The Committee fail to understand as to why the Ministry took six months for sending the intimation to the State Government and Corporation instead of correcting the error immediately after receipt of clarification from ICAR. The Committee feel that Government/ICAR should have advised Seed Corporation in the matter without delay and observe that had this been done in time, the cultivators would have been cautioned in advance and they would not have gone in for cultivation of this variety.

The Committee are informed by the Corporation that "ICAR has apparently changed their recommendation subsequently".

The Committee are also surprised that though according to the Corporation, the failure of the crop of Padma in the aforesaid States was due to various diseases, it was not possible to indicate the state at which the matter came to their notice. It is regrettable that neither the Ministry nor the Corporation have assessed the extent of loss suffered by the cultivators on account of the damages to the paddy crops based on the Padma variety.

While the Managing Director stated during evidence that the lapse was due to the Central Variety Release Committee's recommendation, the Ministry are of the opinion that the failure was due to the post epidemic in 1969.

The Committee recommend that an independent enquiry associating there with a representative each of the State Governments concerned should be conducted in the whole affairs with a view to pin point responsibility for the lapses at various stages and the Committee informed of the results.

The Committee would also like to be informed of concrete remedial measures taken to obviate recurrence.

Reply of Government

The Government has accepted the recommendation of the Committee. It has been decided to institute a detailed enquiry into the circumstances under which Padma variety of paddy seeds was released and other connected matters. Person to conduct this enquiry has been identified. His terms of reference are being finalised. The final action taken on these recommendations will be intimated to the Committee after the receipt of the enquiry report.

[Ministry of Agriculture (Department of Agriculture) U.O. No. 1-7/75-SD dated March, 1976].

Recommendation (Serial No. 23, Para 3.10)

The Committee regret to note that though in the projection for the 4th Five Year Plan (1966-67 to 1970-71) made by the Corporation in December, 1964, five to six farms were planned to be established during the plan period and three to four farms within the next two years, no new farm could be set up till February, 1970 except the two farms already established during the Third Plan and another small farm established in 1972, for production of high quality of seeds for vegetables. Instead the Corporation had been making use of the contract growers for bulk of the production even under "their not very satisfactory arrangement of getting it done". The Committee are informed that the difficulty in setting up state farms was that it was not easy to get land and if the land has already been used for productive purposes, it was costly. The Committee fail to understand as to why the Corporation should not have coordinated their programmes with the SFCI and utilised the lands of the State Farms instead of going to the contract growers with its attendant risks.

The Committee note that the Corporation proposed to have four more farms of about 2,000 acres each during the Fifth Plan for purposes of foundation seeds multiplication. The Government have, however, since considered the question of establishing more farms and informed the Corporation that "provision for setting up of four farms included in the draft paper on Five Year Plan proposal should be deleted", and N.S.C. should avail themselves of the existing facilities in the farms of SFCI for production of foundation seeds.

The Committee recommended that in the light of the decisions taken the Government should issue suitable directions in this regard so that it should be possible for NSC to have greater coordination with SFCI and utilise their farms to the maximum extent had the targets of production of quality seeds in the Fifth Plan are actually achieved.

***Reply of Government**

The Corporation has stopped the contract production of foundation seeds with private growers during rabi 1975-76 season. The foundation seeds is being multiplied on the farms of agricultural universities, NSC and SFCI. The production with Agricultural Universities and SFCI farms is being organised on service agency basis.

[Ministry of Agriculture and Irrigation (Department of Agriculture)
O.M. No. 1-7/75-SD dated 14-11-1975]

Recommendation (Serial No. 24, Para 3.19)

The Committee note that though the lease for the Hempur Farm expired in May, 1970, the lease deed has not so far been finalised and the matter was taken up with State Government in July, 1972. Similarly, in the case of Sainj Farm which was set up in 1972, the lease agreement has not yet been finalised. The Committee fail to understand why such inordinate delays in renewal of lease agreement in the case of Hempur Farm and execution of the original lease agreement in respect of Sainj Farm, should be there as it is apprehended that absence of lease agreements is bound to create a climate of uncertainty which is not conducive to efficient functioning. The Committee recommend that this matter may be accorded the priority it deserves and lease agreements should be executed without further loss of time. The Committee desire that in future the Undertaking should ensure that action for the agreements for lease of lands for new farms or for renewal of the existing leases is initiated well in advance so that Undertaking is not put to any difficulty in proceeding with the work.

*At the time of factual verification, the Corporation stated (on 15-4-1976) as under:—

As a result of a meeting on the appraisal of the National Seeds Programme held on 13-11-75 attended to by the representatives of the World Bank, Ministry of Agriculture and Irrigation, Planning Commission, ICAR, Agricultural Refinance Corporation, Department of Economic Affairs, Governments of Punjab, Haryana, Andhra Pradesh, Madhya Pradesh, Maharashtra, TDC, SFCI and NSC, the NSC's role in foundation seed production has been agreed as follows:—

“The production of foundation seed by the Agricultural Universities and other institutions should be organised by the NSC in its entirety and the NSC should be responsible for coordination of production and marketing of the entire stock and should bear the risk of unsold stocks as the Universities were not expected to successfully undertake commercial operations. The service agency system might not be applicable to the foundation seed but NSC's margin should be fixed in such a way as not to amount to profiteering.”

To this extent, the statement made earlier that “the production with Agricultural Universities and SFCI is being organised on service agency basis” stands superseded.

Reply of Government

The lease deed in respect of Sainj Farm has already been executed. Efforts are being made for execution of lease deed for Hempur Farm.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. 1-7/75-SD dated 14-11-1975.]

Recommendation (Serial No. 27, Para 3.35)

The Committee find that though an area of 940 acres out of a total area of 1008 acres of land in the Hempur Farm (UP) are cultivable, not more than 767 acres have been brought under cultivation by the Corporation in any season for the production of seeds. The Committee were informed that the Corporation would be bringing 9755 acres under cultivation in the year 1974-75.

Similarly out of 500 acres of land at Nandikotkur Farm 416 acres are available for cultivation. Not more than 341 acres were, however, actually brought under cultivation till 1973-74. The Committee were informed that the entire cultivable area was, however, brought under cultivation during the current year. In the Sainj farm only 11.5 acres out of a total area of 25 acres have been brought under cultivation.

The Committee note with regret that while on the one hand the Corporation has been complaining of lack of adequate land for seed cultivation, on the other hand, it has not been able to make full use of the entire cultivable area already available in its own farms till last year.

The Committee were informed that land levelling for 160 acres in Hempur and 40 acres in Nandikotkur still remains to be completed and a project has been prepared for developing hempur as a model farm.

The Committee recommend that the Corporation should lose no time to determine the areas which can be developed and take immediate steps to bring under cultivation all the cultivable area of the farms without any further delay in the interest of developing and making available foundation/certified seeds in time.

Reply of Government

NSC Hempur

Hempur farm has got a total area of 1008 acres out of which 940 acres is cultivable area and the balance is under buildings, roads, irrigation chennels etc. Out of the 940 acres, 915 acres are at present under cultivation. The remaining area of 25 acres is yet to be developed and action has already been initiated to bring this area under cultivation. Fine grading in some of the area out of the 915 acres has also to be done and action has already been initiated. During rabi 1975-76, it has been planned to put 859 acres under different

crops. The remaining area could not be utilised owing to the following reasons:—

1. Some area is left vacant in any particular season due to crop rotation and over-lapping of seasons for different crops to be planted in September and therefore, kharif crops in this area cannot be taken up.
2. Part of the area is to be put under green manuring for improving fertility level of the soil.
3. Some area is also to be left fallow for development.

Nandikotkur Farm

Nandikotkur farm has got a total area of 500 acres out of which 416 acres is cultivated. During rabi 1975-76 the farm has been allotted a programme for 368 acres. About 40 acres of cultivated land is infertile and of shallow soil depth where cropping is not feasible. In addition to this, some area is left vacant in any particular season due to crop rotation and over-lapping of season for different crops. Part of the area is also put under green manuring for improving fertility level of the soil.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. 1—7/75-SD dated the January, 1976]

Recommendation (Serial No. 28 Para 3.43)

The Committee note that there has been fluctuations in the production of seeds at the farms of the NSC which are stated to be due to “vegaries of weather and a variety of other reasons including lack of irrigation facilities and proper drainage system, late arrival of breeder seeds, incidence of pests and diseases.” The Committee feel since the exchange of originally selected farm in the South Block of Hempur (UP) with the farm in North Block in 1965, there should have been no problem of drainage system in the NSC farms and this reason for shortfall should not have been advanced now. The Committee cannot but express dismay over the fact that NSC has not been able to procure breeders in time for its foundation seeds programme. The lack of irrigation and incidence of pests/diseases are not matters of which if efforts were made in time should be beyond the ingenuity and resources of NSC which has developed expertise through the years.

The Committee are of the opinion that the factors hampering production of seeds at NSC farms should be critically analysed and suitable remedial action taken in time so as not to effect the production of seeds adversely. The Committee would like to be informed of action taken and the progress made in the matter.

Reply of Government

The following action is being taken to ensure that the production at NSC farms does not suffer due to avoidable reasons:

1. The indent for breeders seed has been placed with ICAR one year in advance and the seeds are being procured well in advance.
2. The movement of foundation seed is done well ahead of time so that the programme does not suffer for want of foundation seeds.
3. Irrigation facilities are being developed.
4. The land development work has been undertaken by providing proper levelling and drainage.
5. A fortnightly calendar of farm operation is being drawn so as to ensure that the farm operations are not delayed.
6. Immediate action is taken for control of pests and diseases.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. 1-7/75-SD, dated 14-11-1975.]

Recommendation (Serial No. 29—Paragraph 3.56)

Although the Seed Review Team appointed by Government in 1966 observed that, in order to reduce the risks of leakage of foundation seeds in an unauthorised manner foundation seeds should be actually produced in farms owned by Government or quasi-Government agencies the Committee find that the production of foundation seeds at the farms of the NSC as compared to the production at the farms of other agencies has come down from 99.3 per cent in 1964-65 to 15.10 per cent in 1973-74, thus indicating that a major portion of the total quantity of foundation seeds produced by Corporation during 1966-67 to 1973-74 was arranged through outside agencies.

The Committee are surprised to note that in spite of this shortage in production in NSC farms, the Govt. had neither conducted any special examination to find out the reasons for the shortfall in production at the NSC farms nor have they made any comparative study of production trends and economics of production of foundation seeds at the farms of the Corporation *vis-a-vis* the production of the farms of the Central or State Govts. or Agricultural Universities.

The Committee were informed that recently a decision was taken to utilise the facilities of land available in the farms under SFCI for organising foundation seed programme and a beginning has been made in this direction in *rabi* 1974-75. The Corporation had also

organised foundation seed production in the farms of UP Agricultural University.

The Committee would like that, as suggested by the National Commission on Agriculture, the NSC should become a major agency for the production and distribution of foundation seeds of all India importance and should play an overall leading role in developing seed industry as a whole in the country. The Committee recommend that, in order to maintain high quality in foundation seeds, the Corporation should utilise its own farms and under its own supervision the farms of the State Farms Corporation of India and those of Agricultural Universities and State Departments of Agriculture more and more for the production of foundation seeds and eliminate for organising production of foundation seeds through the agency of private producers.

The Committee would also like the Government to keep a regular watch on the production trends at the farms of the Corporation and take timely measures to arrest any decline in the production of seeds at the Corporation's farms as soon as it comes to their notices.

Reply of Government

The Corporation has stopped foundation seed production through private growers from *rabi* 1975-76 season. The entire foundation seed production programme is being undertaken on the farms of Agricultural Universities, NSC and SFCL. In the National Seeds programme, NSC is being made responsible for arranging for production of foundation seed varieties of All India importance and their distribution.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. 1-7/75-SD, dated 14-11-1975.]

Recommendation (Serial No. 30—Para 3.56A)

The Committee would also like the Government to keep a regular watch on the production trends at the farms of the Corporation and take timely measures to arrest any decline in the production of seeds at the Corporation's farms as soon as it comes to their notice.

Reply of Government

The recommendation of the Committee has been noted. The production trends on the farms of NSC are being watched every six months corresponding to the crop seasons in a meeting under the chairmanship of Secretary (Agri.) in which representative of Bureau of Public Enterprises also participate.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated 14-12-1975.]

Recommendation (Serial No. 32—Paragraph 3.58)

The Committee regret to note that though the Working Group appointed by the Govt. of India in July, 1963 for the formulation of the Fourth Five Year Plan proposals on improved seeds estimated that about 10,000 acres of land would be required for the production of foundation seed, the acreage actually utilised was very much less and ranged between 2518 acres in 1969-70 to 7536 acres in 1973-74. The Committee were informed that no specific targets were laid down by Govt. for seed production programmes in the plans much less for the area under seed production and there was only a system of review of assessing the seed requirements and seed production programmes in advance twice in a year and an effort was made to cast specific responsibilities on the various seed producers.

The Committee also understand that no record had been produced to Audit to indicate production of seeds arranged by the Corporation separately from the Central Farms, Agricultural Universities and private growers. The Committee fail to appreciate how in absence of specific targets and records to indicate production of seeds, it is possible for the Corporation to assess the specific responsibility cast on the various producing agencies and work out the extent to which facilities available with the farmers had actually been utilised. The Committee were informed that in order to secure coordination between the activities of the two public sector enterprises, SFCI and NSC, in the matter of seed production, Government have set up a coordination Committee under the Chairmanship of the Secretary, Department of Agriculture and it is the intention that larger programmes would be organised in the farms of SFCI. The Committee were also informed that Government of India have, after considering the recommendations of the Seed Review Team and the National Commission on Agriculture, decided to set up a high level Coordination Committee under the Chairmanship of Director General, ICAR to ensure that the seed production programmes are organised on a sound footing so that it may be possible to ensure quality seeds being available to the farmers.

The Committee hope that with the assistance of these Committees it should be possible to effect greater coordination between the SFCI and NSC in the production of foundation seed and streamline the production of breeder/nucleus foundation seeds of different crops and to ensure quality seeds being made available to the farmers in time.

Reply of Government

The Committee set up for securing coordination between the activities of the two public sector enterprises namely NSC and SFCI has

made a number of useful recommendations for effective coordination between the two corporations. The High Level Coordination Committee set up under the chairmanship of Director General, ICAR also has made a number of recommendations for streamlining the production of quality breeder/nucleus seeds of different crops. All these recommendations have also been kept in view while formulating the National Seeds Programme. It may also be added that for better co-ordination the Govt. has appointed a common Chairman for both NSC and SFCI and have decided to reconstitute the Boards in such a way that the Directors also will be by and large common to both the corporations. It may be noted that under the National Seeds Programme a close coordination of all agencies concerned with seed is sought to be effected and thus NSC and SFCI will work in close coordination with each other and with other agencies. The National Seeds Programme also envisages a number of measures to strengthen and streamline facilities for production of breeder/nucleus and foundation seeds *vide* chapters V and VI of the Main report on the HSP.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated 14-12-1975.]

Recommendation (Serial No. 33—Paragraph 3.64)

The Committee note that the Corporation during 1972-73 multiplied and distributed 40,000 plants of root stocks of a new variety of rose and also supplied 500 budded plants of export varieties to various rose growers on the recommendation of the State Trading Corporation and I.A.R.I. It was stated that being a small programme requiring an investment of Rs. 8000/-, it was not placed before the Board of Directors for formal approval but it was approved by the Production sub-Committee of the Board.

Even though the rose production was stated to be well within the objectives of the Corporation, the Committee feel that, as agreed by the Secretary of the Ministry during evidence "...production of planting material for high quality roses could never have been a priority item for a seed producing organisation, set up by the Agriculture Ministry". The Committee recommend that the Corporation should concentrate more on the main objective of development and multiplication of quality seeds and meet the demands of quality seeds in the country rather than dissipate its energy on such programmes as rose production.

Reply of Government

The Corporation has decided to stop the multiplication of rose root stock from rabi 1975-76 season.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. 1-7/75-SD, dated 14-11-1975]

Recommendation (Serial No. 36—Paragraph 4.36)

The Committee also regret to note that although the Seed Act was amended as early as 1972 to provide for the establishment of Central Certification Board, such a Board has not been established even after 3 years. The Committee are informed that such a Board could be effective only after establishment of agencies for seed certification in the various States on the pattern recommended by the Seeds Review Team. The Committee are not able to accept the reasons for non-establishment of such a Board when already six States have established their own certification agencies. The Committee, therefore, recommend that the Ministry should take immediate steps for the implementation of the Seed Act and set up Central Seeds Certification Board as envisaged therein in order to co-ordinate functioning of the agencies established by the State Governments and to ensure uniformity in the matter of certification.

Reply of Government

The composition of a broad based Central Seed Certification Board consisting of the representatives of ICAR, IARI, Planning Commission and State Govt. representatives including the representatives of private seed producers has been approved by the Minister of State for Agriculture and Irrigation and it is expected that the notification will be issued shortly.

[Ministry of Agriculture and Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated 14-12-1975].

Recommendation (Serial No. 39—Paragraph 5.7)

The Committee note that the Corporation had been running 31 processing units located at various States in the country to process the seeds scientifically before certification. The Committee also note that out of 28 plants, 11 processing units had suffered loss of Rs. 1.61 lakhs during 1970-71 and out of 29 units, 10 processing units had suffered a loss of Rs. 0.82 lakhs during 1971-72. The Committee are informed that from 1972-73 when the Corporation switched over to the new system of procurement prices the working results of the individual units were not maintained as the Corporation did not

contemplate any income from these units and the cost of processing was borne by the Corporation as a part of its overheads and not recovered from the growers.

The Committee feel that even if the cost of processing was not to be recovered from the growers and it was to be borne by the Corporation as part of its over-heads, the Corporation should not have dispensed with the practice of maintaining working results of individual processing units as information about the working results was the only tool available with the Management to assess the financial viability of these units and to exercise proper control over them. The Committee, therefore, recommend that the Corporation should arrange to reintroduce the system of maintaining the proforma accounts for assessing working results in respect of individual units.

Reply of Government

The Corporation have accepted the above recommendation of the Committee and have stated that the system of maintaining proforma accounts of each processing plant is being introduced from processing season of Rabi, 1975-76. Necessary instructions in this regard have been issued by the Corporation *vide* Office Order No. 3(5)/74-GS/NSC dated the 17th January, 1976 (as in Appendix VIII).

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD dated January, 1976]

Recommendation (Serial No. 40—Paragraph 5.13 & 5.14)

The Committee note that during Kharif 1967-68, the State Government of Rajasthan took up the seed programme hybrid bajra in Sriganganagar district (Rajasthan) through contract growers and the Corporation was then acting as a certification agency. At the time of certification a quantity of 368 quintals produced by 16 contract growers was rejected by the Corporation on the ground of low germination percentage. On representation made by the growers which they had claimed a compensation of Rs. 2.21 lakhs alleging that the lower germination was due to the carelessness of the Corporation's staff, since according to them the seed had the prescribed germination at the time of its delivery at the Corporation's processing unit, the matter was considered by a Sub-Committee of the Board of Directors.

The Committee are surprised to note that though the report of the Sub-Committee was considered by the Board of Directors on 16th of November, 1970 and the decision of the Board was sent to Government, in December, 1970 they had not communicated their views on the ground that the views of the Board did not require any

confirmation through Government orders although the matter was one which concerned a State Government and was important enough involving payment of considerable amount of compensation to the growers. The Committee feel that in such cases the Government should have acted with promptitude and communicated their decision to the Corporation in time by clearly defining the responsibility of the Corporation *vis-a-vis* that of the State Government/producers.

Reply of Government

In this connection, committee is requested to kindly refer to the written statement made in regard to this item in which it was explained in detail that NSC was only acting as a certification agency in so far as seeds produced by farmers in Sriganganagar district was concerned. The production of the seed was arranged by the State Govt. through selected growers. As it will be seen therefrom seeds was rejected by the NSC after undertaking laboratory tests and having found them to be below the minimum standards prescribed under the Indian Minimum Seed Certification Standards. It was also stated that the matter was enquired into by the committee appointed by the NSC whose report was placed before the Board of Directors of NSC. It was decided that the matter was really one which could be disposed of by the NSC at its Board's meeting. Only if the views required confirmation by Government's orders, the question of Govt. coming into the picture would arise. As the Board did not consider it necessary to obtain Govt. of India orders or confirmation of its action in regard to this matter, the Govt. acting and communicating its decision on this did not arise. The need for the Ministry to define responsibility of the NSC *vis-a-vis* that of the State Govt./producers had not arisen as this was one of the commercial function of the corporation for which it was competent to lay down procedure etc. at its own level.

In cases where final decisions have to be taken and communicated by the Government, action in future will be taken with promptitude as suggested by the Committee.

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated the January, 1976].

Recommendation (Serial No. 42—Para 6.23 & 6.24)

The Committee note that out of six godowns originally approved only 3 godowns have been constructed and the construction of remaining three has not been implemented. The Committee informed that the Corporation would be constructing its own storage godowns at important centres where permanent processing plants were also

available. The Committee recommended that in view of the decisions now taken that the National Seeds Corporation should maintain reserve stock of seeds at the Central level as envisaged in the 5th Plan, the corporation should make an immediate assessment of the total requirement of storage capacity necessary and take immediate steps to develop the facilities keeping in view the recommendations of the Seed Review Team and ensure that such arrangements are on scientific lines secured against losses from rats, insects, pilferage etc.

The Committee understand that no separate records had been kept by the Corporation of the losses in terms of quantity and value of seeds or foodgrains of various categories during the period 1970-71 to 1972-73 on account of eating away rats, insects and pilferage. The Committee would like that apart from making adequate and satisfactory storage arrangements, it should be ensured that Corporation maintain suitable records to indicate such losses so that this can be analysed and suitable remedial action taken in time.

Reply of Government

Under the National Seeds Programme to be undertaken with the assistance of World Bank, it is proposed to set up State Seed Corporation which would produce 3,20,000 tons of seeds of various crops by 1980-81. Since this would be produced in at least two seasons, storage requirements have been estimated at 50 per cent. It has been decided to build storage capacity in the form of silo storage and bag storage. NSC who will be marketing agency for inter-state sale of seeds produced by State Seed Corporations will build up storage capacity to the extent of 80,000 tons. For foundation and breeder seeds which require long duration storage, air conditioned and dehumidified seed stores have been provided. This will ensure both bulk and transit storage on scientific lines. Attention in this connection is invited to chapter VII(B) para 7.11 to 7.16 of NSP Report.

Recommendations of the committee have been noted by the Corporation. Records of losses in terms of quantity and value of the seeds are being maintained separately. The reasons for the losses are also being thoroughly analysed and remedial measure if called for, are undertaken by the Corporation.

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD, dated the January, 1976].

Recommendation Serial No. 44—para 7.24)

The Committee, however, find that according to the Ministry, the Corporation did not have precise knowledge regarding how long can the seed be stored, although according to them the seed can be stored for 3 years, if they are kept in controlled conditions of temperature and humidity. It was also stated that tests conducted by the Corporation indicated that the original estimates regarding the viability period of three years was not "completely" correct. In this connection the Secretary of the Ministry stated during evidence that "whether the seeds are still viable after three, five or six years would be a question of fact to be revealed by actual tests performed on the seeds, which are done by the Quality Control wing of the H.S.C. The condemnation is not on the basis of how long the seed has been stored, but on the basis of actual tests performed on the specific seeds". The Committee are not sure whether any expert opinion was obtained about the period of viability or actual tests were conducted before decision to condemn the seeds was taken.

The Committee would like that this matter may be investigated and the Committee informed. The Committee also suggest that expert opinion on the question of viability period for seeds should be obtained from the Agricultural Universities, Research Institution, I.C.A.R. etc. to avoid deterioration of seeds due to storage beyond the viability period.

Reply of Government

The National Seeds Corporation had condemned the seed after ascertaining on the basis of laboratory analysis and other tests whether the seeds were upto the standards in terms of germination and viability. Viability always does not depend on merely storage conditions but is also affected by the conditions prevailing at the time the seeds were produced. While by and large the National Seeds Corporation has taken earlier a view that for a period of 3 years the seeds could be stored safely, in condemning seeds on account of poor quality, decisions were based upon the tests and not the age of seed. Since periodic inspection is made of the seeds held in the inventory it is felt that the condemnation should not be related to the age of seeds.

However, as recommended by the Committee expert opinion on the question of viability period for seed under different storage conditions, different agro-climatic conditions prevailing at the time of production of seed etc. will be obtained from the Agricultural Universities and the I.C.A.R.

[Ministry of Agriculture & Irrigation (Department of Agriculture O.M. No. 1-7/75 SD dated the 14-11-1975)]

Recommendation (Serial No. 47, para 7.27)

The Committee are given to understand that the Corporation has streamlined the assessment methods in respect of seed requirements for production programme and has taken steps to tighten the quality control measures in the growth of seeds, proper storage of seeds in ideal conditions and their careful transportation. The Committee recommend that Ministry/Corporation should learn a lesson from their past experience and ensure that these measures are strictly adhered to so that the farmers are assured of seeds of genetic purity and the Corporation is not put to the necessity of resorting to such large scale condemnation.

Reply of Government

The recommendation of the Committee has been noted. In the new set up under National Seeds Programme great emphasis has been placed on quality control of seeds. For breeder seeds additional steps to improve quality control will be introduced by the establishment of a special breeder seed inspection unit under the aegis of the ICAR (Para 6.6 of Main Report on NSP). For foundation seeds certification, inspection by the breeder and grow out tests are proposed (para 5.19 of Main Report of NSP). In case of certified seeds, the compact area approach ensures better technical supervision and doing away with contract growing is expected to increase quality consciousness in the grower-shareholders of the Seed Corporations. Scientific and adequate storage facilities also are proposed to be provided for breeder seeds, foundation seeds and certified seeds (vide paras 6.9., 5-23 and 7.11 to 7.18 of the main Report of the NSP). For assessment of seed requirements and planning of production it is proposed to establish a planning and Assessment cell in the N.S.C.

[Ministry of Agriculture & Irrigation (Department of Agriculture, U.O. No. 1-7/75-SD dated—12-1975)].

Recommendation (Serial No. 48, para 7.28)

The Committee also recommend that the Management should conduct a detailed review of performance of the Corporation in regard to production/procurement of seeds once/every quarter with a view to safeguard against avoidable accumulation/condemnation of seeds. Such performance reports should also be reviewed by the Ministry once in six months.

Reply of Government

At present the production programme of the Corporation is being reviewed by the Production and Finance Sub-Committee of the Board every six months. The period of six months has been provided to match with kharif and rabi season when production programme can be modified.

The performance of the Corporation in regard to seed production and procurement as also financial results is reviewed by a Committee under the Chairmanship of Secretary, Department of Agriculture in which the representatives of the Bureau of Public Enterprise, Internal Financial Adviser and the Chairman, Management Director etc. of the National Seeds Corporation participate. It is considered that six monthly review to correspond to the crop seasons would serve the purpose in view.

[Ministry of Agriculture & Irrigation (Department of Agriculture O.M. No. 1-7/75-SD dated 14-11-1975.)]

Recommendation (Serial No. 49, paras 7.29 & 7.30)

The Committee are informed that the condemned seeds are disposed of by auction and one of the conditions was that it should be used only for non-edible purposes although they may be used as animal-feed after thorough washing. Vegetable seeds were stated to be destroyed in order to avoid their resale.

The Committee have every reason to believe that the certified seeds which have been condemned or are unfit for human consumption or even for consumption by cattle, can find way in the market and are likely to do so in actual practice. As such condemned seeds may involve danger to human lives. The Committee suggest that Government/Corporation should examine whether seeds categorised as unfit for human consumption should not be destroyed under the supervision of competent authority.

The Corporation may, however, utilise such goods for preparation of starch under its direct supervision.

Reply of Government

N. S. C. has since decided to burn or bury the condemned seeds or dispose the seeds to the starch manufacturers for production of starch.

[Ministry of Agriculture & Irrigation (Department of Agriculture O.M. No. 1-7/75-SD dated 14-11-1975.)]

Comments of the Committee

Please see paragraph 1.25 of Chapter I of the Report.

Recommendation (Serial No. 52, para 8.13)

The Committee suggest that Government should consider the feasibility of stamping the prices of seeds on the bags so that the consumer may be in a position to pay the right price for the seeds.

Reply of Government

As per recommendations of the Committee and in accordance with the orders issued by the Government of India, Ministry of Industry and Civil Supplies (Department of Civil Supplies and Co-operation) instructions have already been issued *vide* circular No. 5(8)/75-76/NSC/Mktg dated the 26th September, 1975 (as in Appendix IX that all seed packets/packages should contain the following information :

- (i) Name of the seed.
- (ii) Net weight (when packed)
- (iii) Date of packing.
- (iv) Maximum sale price (exclusive of local taxes).

Through the above cited circular, instructions have also been issued *inter alia* that the latest price list should be displayed at all the National Seeds Corporation sale counters & the National Seeds Corporation dealers have also been asked to display the latest price list of various seeds.

[Ministry of Agriculture & Irrigation (Department of Agriculture O.M. No. 1-7/75-SD dated the January 1976.)]

Recommendation (Serial No. 57, Para 9.17)

The Committee note that one of the impediments experienced by NSC was the restriction placed on inter-district and inter-State movement of seeds. The Committee were informed that as a result of Inter-Zonal Wheat and Wheat Products Movement Control Order, 1973, there was difficulty in the movement of raw seeds to the processing plants and on account of it movement of certified seeds of wheat was not possible. While the Committee recognise the difficulties in the movement of wheat seeds on account of restrictions imposed by Government, they do not see any reason why there should be any difficulty in the movement of other seeds and making them available to the growers in time.

The Committee understand that Government of India have recently in June, 1974 issued instructions to the State Governments for liberally permitting the movement of raw seeds from across the boundaries and if there are specific problems, the matter could and should have been taken up with the State Authorities with a view to resolve conclusively all such impediments.

The Committee hope that the instructions issued by the Government of India in June, 1974 would be followed up at State level so that the Corporation may be able to transport the raw seeds to the Plants and make available the certified seeds without any difficulty.

Reply of Government

The Committee's recommendation has been noted. During the year 1975-76, there has been no case of impediments in the movement of raw seeds from the areas of production to processing plants.

[Ministry of Agriculture, Department of Agriculture
U.O. No. 1-7/75-SD dated 12-1975]

Recommendation (Serial No. 58, Para 9.35)

The Committee note that while the turnover has increased from Rs. 196 lakhs in 1968-69 to Rs. 682 lakhs in 1972-73 i.e., by about 3½ times, the distribution cost has increased from Rs. 8.42 lakhs in 1968-69 to Rs. 70.91 lakhs in 1972-73, an increase of more than 8 times. The Committee find that the dealers' commission has increased from less than 1 per cent in 1968-69 to 6 per cent in 1970-71 and it has come down to 5 per cent in 1972-73. The Committee recommend that Government/Corporation should critically examine the variations in percentage of dealers' commission to see as to how far they are reasonable.

The Committee also find that the value of seeds sold per rupee of administrative cost improved during 1969-70 to 1972-73. The Committee were informed that the arrangements of marketing are constantly under review and the net work of dealers is continuously being expanded so that the seeds are made available to the farmers in time and at desired places, and that the ratio of administrative cost to sales would improve only after the turn over increases sizeably. The Committee would like that the marketing and distribution system should be so streamlined and strengthened as to not only ensure reduction in the cost of distribution and administrative overheads but to make the cultivators have easy access to the sale points so that the seeds are available to them in time at the desired sale points, especially in the backward regions of the country.

Reply of Government

Upto May, 1971, NSC had been allowing 10 per cent commission to the Dealers and 15 per cent commission to the Sole distributors. In June, 1971 the Sole Distributorship system was abandoned and NSC appointed Dealers at 10 per cent commission. Thereafter the Commission was reduced. NSC also supplied seeds to the State Governments and 10 per cent commission was given as the State Governments insisted for supply on the same terms and conditions as followed in the case of Dealers. In some cases the supply was effected on negotiated price which was lower than the net price even. Due to this factor, there is variation in the commission. Now, the NSC has reviewed the terms and conditions of Dealers and they would be given 10 per cent commission. For State Government supplies also, ex-processing plants rates have been fixed. Anyhow, time rebate @ 10 per cent would be given.

The marketing and distribution system is being streamlined and strengthened. Under the National Seeds Programme, network of Dealers would be established in such a way that each of the 5,000 Community Development Blocks in the country will have atleast 4 sale points. This would mean about 20,000 seed dealers in the country, each dealer catering to the needs of about 25 villages. This would help the cultivators to have the seed in time and at the desired place. While appointing the dealers, it would be ensured that all the regions in the country get due priority.

[Ministry of Food & Agriculture (Department of Agriculture)
O.M. No. 1-7/75-SD dated the 14-11-1975]

Recommendation (Serial No. 59, Para 9.36)

The Corporation should also ensure the regular supply of seeds especially of new proven varieties to the farmers in time and at reasonable prices, and leave no scope for any complain about black marketing.

Reply of Government

NSC has decided to distribute the newly proven varieties in all the territories. This would help in the demand assessment for new year as the results would be known from all the States. For timely distribution at reasonable price, NSC has taken the following steps:—

1. The sale price of all the newly proven varieties will be fixed at par with the other varieties or slightly higher than the other varieties taking into account the less volume and more expenditure likely to be incurred on its sale.
2. Strict supervision will be exercised in sale of these varieties.
3. The stock of such varieties would be distributed equally through the dealers and sale out-lets with the intention to avoid any monopoly over the distribution.

Under the National Seeds Programme it is proposed to have a network of 20,000 retail outlets so that there will be four retail points in each Community Development blocks with each retail point serving about 25 villages. This network will ensure that farmers in all parts of the country will get quality seeds in time. Under the NSP again the certified seed production is expected to increase almost five fold by 1981-82. The larger turnover and reduction in costs on account of production being concentrated in compact areas will ensure reasonably low prices.

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD dated the Jan. 1976]

Statement showing action taken on the Recommendation/Conclusions of the 66th Report of the Committee on Public Undertakings.

Recommendation (Serial No. 60, Para 10.7)

The Committee regret to note that in spite of its existence for over 10 years the Corporation had not till March, 1973 taken steps to form a Research and Development Division to undertake research on applied aspects of seeds technology and it has been depending only on ICAR for the basic material. The Committee find that only in March, 1973 the Corporation had taken a decision to set up a Research and Development and Quality Control Division and set apart a sum of Rs. 20/- lakhs out of its own resources for the purpose. The Committee also note that the quality of breeder seeds is not of desired level due to lack of adequate facilities with the breeder institutions and the ICAR has already taken steps for the betterment of facilities. Since good breeder seeds are the most important factor in sound seed production programme and such

breeder seeds are the responsibility of the Agricultural Research Institutes/Universities, the Committee would like that the Research Division of the Corporation should have a close liaison with ICAR and other Agricultural Universities in the country in developing quality seeds of good standard and also new varieties of the quality seeds in the interest of the overall food production in the country.

Reply of Government

Strengthening facilities for breeder seed production is one of the most important components of the National Seeds Programme. Provision of land, better processing and storage facilities etc. to 34 institutions are contemplated in the National Seeds Programme. NSC as the foundation seed agency will keep close liaison with these institutions through a breeder seed inspection unit established under the aegis of the ICAR. Some of the Research and Development activities of NSC under the National Seeds Programme are indicated in para 11.13(6) of the NSP Main Report of the Joint Working Party wherein it has been stated that NSC will join with other agencies in studies of the synchronisation problems in multi locational trials.

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD dated December 1975]

Recommendations Serial Nos. 61 & 62 (Paragraphs No. 10.8 & 10.9)

Recommendation (Serial No. 61, Para 10.8)

The Committee find from the Annual Report, (1972-73) that the Corporation has so far been largely relying on the technology developed in advance countries and some of which are inappropriate for our country.

Recommendation (Serial No. 62, Para 10.9)

The Committee would also like that the Corporation should lose no time in developing technology for processing equipments etc. suited to Indian Conditions so as to obviate the necessity of depending of foreign countries for such equipments.

Reply of Government

Though in the early years processing equipment in use in the country was by and large obtained from abroad, more and more processing equipment is being manufactured within the country

today as a result of the efforts made by the NSC. As suggested by the Committee, the NSC efforts will be to see that technology for processing equipment is developed within the country. Under the NSP, the NSC will be the principal agency for ensuring that processing plants are set up in the country. As stated in para 7.8 of the Main Report of the Joint Working Party, the Industry Development Centre of the NSC will continue to direct its effort towards getting as large a component of machinery and equipment manufactured indigenously as possible. NSC will continue to serve the indigenous manufacturers by helping them to improve their designs and the quality of their equipment [vide para 11.15 (iv) of the Main Report of the NSP].

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD dated December, 1975].

Recommendation (Serial No. 63, Paragraph 11.8)

The Committee note that the profit of the Corporation had increased from Rs. 0.26 lakhs in 1969-70 to Rs. 0.91 lakhs in 1971-72 and Rs. 84.28 in 1972-73 and Rs. 116.381 lakhs in 1973-74. It has been stated that the above profits are after deducting the loss of Rs. 9.91 lakhs on account of accumulation of the stocks of Hybrid of foundation seeds during 1969-70, Rs. 10.21 lakhs during 1970-71 and Rs. 55.34 lakhs in 1971-72. During 1972-73 the value of condemned foundation seeds to be written off from the accounts is stated to be Rs. 8.53 lakhs and the value of certified seeds to be written off as Rs. 4.77 lakhs. The Committee have given detailed recommendation elsewhere in this report about the writing off of large amount on account of hybrid seeds. The Committee were informed that the role of NSC was more the developmental nature and less of commercial. The Committee regret that no separate accounts were being maintained to assess the overall profitability of the Corporation between commercial and promotional activities nor was any analysis of the profitability made to find out the impact of the rate variance and the volume variance. In the absence of the operating results for commercial and developmental activities being worked out separately and in the absence of analysis of profits to determine the impact of rate and volume variance; the Committee are not sure as to how far the sudden rise in the profits of Corporation during 1972-73 and 1973-74 reflected the efficiency in conducting the operations of the working results of the promotional and commercial activities be maintained separately to identify areas where economics could be effected so that suitable remedial measures be taken in time by the Corporation. Again profitability analysis should be carried out to find out the impact of rate and volume variance.

Reply of Government

At present, the Corporation is engaged in the following promotional and developmental activities:—

- (i) Seed certification.
- (ii) Training of technical staff of the various Organisations like State Governments, private seed producers etc. in seed technology.
- (iii) Distribution of mini-kits.
- (iv) The Industrial Development Centre of the Corporation helps the indigenous manufacturers in the improvement of the designs and the quality of their equipment.

In accordance with the recommendations of the National Commission on Agriculture, the certification work is being transferred to the State Governments. By the end of 1975 NSC has been left with certification work in respect of only 3* States *viz.* Uttar Pradesh, Madhya Pradesh, Rajasthan* and it is expected that these States would also take over the certification work shortly.

The National Seeds Programmes envisages that NSC will continue to organise the other promotional activities referred to above in the over all interest of seed industry.

The NSC have stated that as soon as the certification work is completely taken over by the States, expenditure incurred on commercial and promotional activities will be booked separately, so as to enable the management to identify areas where economy could be effected.

[Ministry of Agriculture & Irrigation (Department of Agriculture) U.O. No. 1-7/75-SD dated the Jan. 1976].

Further Information called for by the Committee

It was recommended by the Committee on Public Undertakings that "again profitability analysis should be carried out to find out the impact of rate and volume variance. Please state the position about the impact of rate volume and variance.

(Lok Sabha Sectt. O.M. No. 18-PU/75 dated 27-2-76)

Comments of the Committee

Please see paragraph 1.31 of Chapter I of the Report.

*7 States as intimated by the N.S.C. at the time of factual verification.

†Punjab, Himachal Pradesh, Jammu & Kashmir and Delhi (as intimated by the NSC at the time of factual verification)

Recommendation (Serial No. 64, Paragraph 11.9)

The Committee also regret to observe that though the accounts of the Corporation had been decentralised, no proforma accounts as such are maintained to ascertain the working results of the regional offices. The Committee were informed that the performance of the regional offices was reviewed by an analysis of sale and production achievements. The Committee would, however, like that in the interest of ascertaining the true financial results of the working of the regional offices, it is essential that proforma accounts of these offices are maintained so as to enable the Corporation to pinpoint the areas of weakness and effect economics where necessary.

Reply of the Government

The recommendation of the Committee has been noted and the NSC has been advised to implement this.

At present, Regional Offices of the Corporation are not functionally independent and are attending to multifarious activities such as production, certification, processing and marketing.

Under the National Seeds Programme NSC will cease to be certification agency and also will withdraw from production of certified seeds in a phased manner. As soon as the work of production of certified seeds and certification is taken over by the States, N.S.C. has decided to introduce proforma accounts to ascertain the working results of each Regional Office.

Recommendation (Serial No. 65, Paragraph 11.14)

The Committee regret to note that the Corporation had not introduced any costing system till 1972-73 on the plea that development of a detailed costing system till 1972-73 on the plea that development of a detailed costing system for their farms would not be of any use due to uncertain conditions in agricultural production. It was only in December, 1972 and April, 1973 that the Corporation issued instructions to their Hempur and Nandikothur farms to maintain proper cost accounts. The Committee were informed that the operations of the farms were judged on the basis of the proforma Farm Accounts maintained by the Corporation.

The Committee would, like the Corporation to prescribe suitable norms for production of different crops under ideal conditions so that the performance of the farms could be judged with reference to such norms. The Committee also recommend that the Corporation should review costing data with a view to ascertain the

cost of production as well as to identify areas where economics could be effected.

Reply of the Government

The Corporation have reported that they have already prescribed norms of production of different crops under normal conditions which are indicated below:—

Crop	Yield(Quintals per (Hactare)	
	Hempar	Nandi- Kothur
Bajra :		
Female	4	4
Male	5	5
Sorghum :		
Female		8
Male		10
Maize		
Inbreds	10	10
Single crosses	10	10
Paddy	30	25
Wheat	25	..
Berseem	2.5	..
Oats	8	..
Gram	8	..
Soyabean	5	..
Mustard	5	..
Potato	125	..
Peas	6	..
Bhindi	5	5
Cowpea	3	3
Chilli	1	1
Tomato	1.25	1.25
Brinjal	1	1
Radish	3	..
@Dolichos Beans	6	6

●At the time of factual verification, the Corporation inserted the following:—

“These norms vary from variety to variety due to difference in yield potential”.

The achievement of the prescribed norms for production is being reviewed every month through the monthly reports being received from the farms. Necessary remedial measures are taken in this regard wherever considered necessary.

Uptil now, the Corporation was maintaining the Profit and Loss Accounts of the farm as a whole. As recommended by the Committee, the Corporation have decided to maintain the cost, cost data of production in respect of each crop so that the area where economy can be effected could be identified. Necessary proforma in this regard are being prescribed and the system is proposed to be introduced with effect from Kharif-76.

[Ministry of Agriculture & Irrigation (Department of Agriculture U.O. No. 1-7/75-SD dated January, 1976)]

Recommendation (Serial No. 67, Paragraph 11.34)

The Committee note that the outstanding dues from the Government and private parties had increased from Rs. 50.77 lakhs in 31st May, 1971 to Rs. 202.63 lakhs on 31st May, 1971 and came down to Rs. 119.79 lakhs on 31st May, 1974. The Committee were informed that the State Governments had taken unduly long time in paying the dues and there had been difficulty because of the Corporation's liberal policy of providing credit to the Government parties in the earlier stages. Moreover, the bills were issued to the consignees instead of being issued to the indenting authorities. The Committee were also informed that the practice of making credit sales has since been stopped. The Committee, however, find that the outstandings for over 3 years were to the extent of Rs. 39.75 lakhs as on 31st May, 1973, and a provision of Rs. 16.56 lakhs was made for bad and doubtful debts. The provision for doubtful debts increased to Rs. 24.84 lakhs on 31st May, 1974. The Committee were also informed that the Corporation has established a Debt Collection Cell in order to expedite prompt realisation of debts and the recovery of the old dues was being pursued by the Head Office through the regional offices. The Committee recommend that the procedure for billing and measures taken towards the realisation of the debts be tightened so that the outstandings are realised without any further delay.

In respect of outstanding dues from the State Governments, the Committee would like that the matter should be taken up with the State Governments concerned for an early settlement of the dues. The Committee hope that the present procedure of taking advances from the State Governments at the time of indents would help in recovering the outstandings and improve the financial position.

Reply of the Government

The recommendation of the Committee has been noted. A number of measures have been taken by the National Seeds Corporation for speedy recovery and settlement of all outstanding dues. These measures have been indicated in the reply given to Recommendation No. 68 corresponding to para 11.35 of the Report.

[Ministry of Agriculture & Irrigation (Deptt. of Agri.)
U.O. No. 1-7/75-SD dated January, 1976]

Recommendation (Serial No. 68, Para 11.35)

The Committee also stress that the Corporation should take effective measure to recover the outstanding dues from the private parties without any further delay. The Corporation should also ensure that amounts are not allowed to remain unrealised for more than the time allowed for payments.

Reply of the Government

A number of measures have been taken by the NSC for speedy recovery and settlement of all the outstanding debts. This includes setting up of credit and recovery Cell in the NSC for watching the recovery of dues.

This matter also came up for consideration of the Board of Directors, NSC at their 63rd meeting held on 26th November, 1975. The Board expressed concern at the over-dues and desired that the outstanding debts be settled by 31st May, 1976 and has decided to set up a one man Committee consisting of Shri Daljit Singh, Director of the Board, to examine the problem of outstanding dues so that these could be settled with the State Governments expeditiously. Extracts of the resolution of the Board is enclosed.

The Board has also decided that a whole time officer be deployed for ensuring speedy recovery or settlement of all outstanding debts and that no sale of seed should be made on credit basis hereafter.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
U.O. No. 1-7/75-SD dated the Jan. 1976.]

Recommendation (Serial No. 69, Para 11.45)

The Committee note that the inventory of foundation seeds increased from Rs. 87 lakhs in 1967-68 to Rs. 113 lakhs in 1969-70 and thereafter there was reduction from Rs. 109 lakhs in 1970-71 to Rs. 37 lakhs in 1973-74. Similarly in the case of certified seeds the inventory increased from Rs. 35.66 lakhs in 1967-68 to Rs. 141.82 lakhs in 1969-70. Though it was reduced to Rs. 103 lakhs in 1970-71 it again showed an increasing trend in 1971-72 and 1972-73. There was, however, reduction in 1973-74 to Rs. 119 lakhs. The Committee have already given their recommendation in regard to the

heavy accumulation of foundation and certified seeds mainly due to excess production of these seeds in the earlier years upto 1969-70 without any relation to the demand of such seeds or firm commitments about their off-take. The Committee find that even in 1970-71, the foundation seeds represented 26 months sale and in 1971-72 and 1972-73 represented 10 months and 8 months sale. The Committee are informed that foundation seeds require more than two years to produce the required single cross. The Committee, therefore, recommend that the Corporation should plan and finalise the requirements of foundation seeds according to variety taking into account the time required for its development and enter into commitments about their off-take before the actual production is taken up to obviate heavy accumulation of these seeds.

Reply of Government

Under the National Seeds Project, NSC's role will be changing from that of the major producer of foundation seeds through contract production with private growers to that of national coordinator of foundation seeds production. In fact NSC will become the sole agency for organising production and distribution of foundation seeds. Under the new set up, there would be advance planning which will be undertaken by constant liaison by NSC with the State Seed Corporations, Agricultural Universities and other producers. A planning and assessment cell is proposed to be established in the NSC will be set up by the NSC. The cell will conduct marketing assessment exercises by collecting information and data, for the use of producing organisations. The cell will be responsible for conducting advance market assessment so that the production programme for each crop, variety-wise is scientifically quantified, thus enabling NSC to prepare effective estimated demand for all seed variety-wise. Forecasts at least for 3 years in advance will be prepared so as to plan breeder, nucleus and foundation seed programme. The actual quantity to be produced will be assessed on the basis of advance indents from the State Seed Corporations and other producers. More realistic demand estimates and production based on advance indents will ensure off-take and avoid heavy accumulation of seeds.

[Ministry of Agriculture & Irrigation, Department of Agriculture,
U.O. No. 1-7/75-SD dated 12-1975.]

Recommendation (Serial No. 70, Para 11.46)

The Corporation should also undertake a systematic review of the stock of foundation seeds from time to time, conduct periodic tests with regard to their germination and quality so that the seeds of doubtful viability are identified in time and initiate action for

their disposal. The Committee feel that, in respect of certified seeds, the Corporation should in consultation with the Ministry make a realistic assessment of the requirements of the certified seeds and have firm contracts with the indentors before production so that the Corporation is not faced with a heavy inventory at the end of the year on account of poor off-take of the seeds. The Corporation should lose no time to segregate seeds which are in stock beyond their prescribed period of germination so as to ensure that such seeds are disposed of before they lose their efficacy.

Reply of Government

Monthly stock and sale statements of foundation and certified seeds are being obtained by the head office of NSC from regional offices. The availability of seed stock and requirement of seeds in coming years is taken into account while organising production programme in various seasons. The production programmes are discussed on the basis of above information in the Regional Managers' Conference which are held twice a year before kharif and rabi season. The State Govts. and the private seed producers have to place their indent one year in advance with the Corporation along-with 10 percent advance cost of seed. The production programme of foundation seed is being organised against these firm indents so as to avoid accumulation of seed stock. Under the Seeds Act, 1966, revalidation of seed lots is to be done on expiry of validity period. The initial certification is valid for a period of 8 months and after that all the seed lots are sampled and tested for viability. Thereafter these seed lots are to be tested for germination and revalidated after every four months. In case the seed lots register below standard germination, three consecutive tests are made and on the basis of the results of these tests, the seed lots are condemned. There is a standing Condemnation Committee for scrutinising the condemnation proposals and immediate action is taken for disposal of seeds which have lost their viability. The regular testing of seed lots for germination also helps the Corporation in early utilisation/disposal of seed lots which are on the border line and eliminate chances of unnecessary storage of seed which have lost their viability.

As regards certified seed, the seed requirements of various States, dealers and anticipated sale through Corporation's own sale counters is assessed before undertaking production. Custom indents are invited from State Govts. in advance and against these indents firm contracts are made. The procedure for seed testing is uniform for foundation and certified seeds.

[Ministry of Agriculture & Irrigation, Department of Agriculture,
U.O. No. 1-7/75-SD dated the Jan. 1976].

Recommendations (Serial Nos. 71 & 72, Paras 11.47 and 11.48)

The Committee regret to note that the Corporation had been making purchases of certification materials from year to year without any regard to the consumption of such materials or the balance of stock available with the result that packing and certification materials of the value of Rs. 1.59 lakhs and Rs. 2 lakhs had to be condemned and disposed off in 1971-72 and 1972-73 respectively. The Committee find that while the consumption ranged from Rs. 14 to 40 lakhs the purchases ranged from Rs. 15 lakhs to 66 lakhs between the period 1968-69 to 1973-74. The Committee were informed that Corporation has been purchasing the certification and packing materials based on the production programme to ensure that packing and processing of the seeds was not held up on account of non-availability of certification materials. The marginal extra stock was attributed to non-achievement of targetted production programme. The Committee see no reason why purchase of certification materials should not be regulated with reference to actual requirement taking into account the material already available with the Corporation. The Committee recommend that this matter should be investigated with a view to fixing responsibility for making excessive purchases.

The Committee were informed that on advice of the Board of Directors steps have been taken by the Corporation to dispose of the certification material in profitable manner. The Committee were surprised that no value has been realised from the disposal of the condemned certification materials in 1971-72 and 1972-73. They were informed that the material became obsolete on account of change in the certification standards as a result of the enforcement of Seed Act and therefore some of the certification materials were destroyed in the presence of a responsible officer.

The Committee recommend that Corporation should undertake a review of the stock of the packing and certification materials on hand with a view to identifying items which are obsolete or un-serviceable and take action for their disposal in the best interests of the Corporation. The Committee would like to be kept them informed of action in the matter.

Reply of Government

As per recommendations of the Committee, an Enquiry Committee consisting of Chief Administrative Officer and Company Secretary was constituted by the Managing Director vide order No. 3(5)/74-CS/NSC dated the 27th July, 1975 as in Appendix V for investigation and fixing the responsibility. The Committee has

already submitted an interim report which is being considered by the Management. The final report will be placed before the Board of Directors for their approval. The final action taken will be reported to the Committee.

As per recommendations of the Committee a review is being undertaken of the existing stock of packing and certification materials so that the items which are obsolete or unserviceable are identified and disposed of in the best interest of the Corporation.

In this regard all the Units have been asked to furnish the requisite information vide letter No. Pur/NSC/28 (1)/75-76 dated the 22nd November, 1975. So as to ensure that the obsolete unserviceable items of certification material are disposed of immediately and no further expenditure on their storage is incurred, the Regional Managers in consultation with their respective Zonal Managers have been authorised to condemn certification material upto Rs. 1,000 in each case and arrange their disposal vide circular No. 13(2)/74-75/NSC(P) dated the 18th August, 1975.

[Ministry of Agriculture & Irrigation, Department of Agriculture, U.O. No. 1-7/75-SD dated the Jan. 1975.]

Comments of the Committee

Please see paragraphs 1—34 of Chapter I of the Report.

Recommendation (Serial No. 73, Paras 11.52 and 11.53)

The Committee note though the need for accounting manual had been emphasised by Bureau of Public Enterprises and reiterated by them as early as September, 1968 it was only in 1970-71 that the National Seeds Corporation had finalised its Accounting Manual which includes a Chapter on the Scope and Functions of Internal Audit also. The Committee regret to note that although the scope and function of Internal Audit provide a review of the systems procedures and operations of the Corporation as a whole the Corporation has not so far conducted such a review.

The Committee feel if such a review of the operations of the Corporation had been conducted it would have enabled pin-pointing many of the lapses which the Committee have come across in this report.

The Committee need hardly stress that internal audit is one of the effective tools of Management to plug the loopholes in the working of an undertaking. The Committee, therefore recommend that the Corporation should intensify its Internal Audit and conduct appraisal of the operations of the undertaking and report to its top

management from time to time with a view to taking remedial action then and there.

Reply of Government

Necessary proposal for strengthening the Internal Audit Department is under consideration of the Management. As soon as the strengthening of the Internal Audit Department is finalised, programme of review of system and operations of the Corporation will be drawn up.

[Ministry of Agriculture and Irrigation, Department of Agriculture, U.O. No. 1—7/75-SD dated the January, 1976]

Comments of the Committee

Please see paragraphs 1—37 of Chapter I of the Report.

Recommendation (Serial No. 74, Para 12.6)

The Committee note that according to the Ministry it was considered necessary for the Board to be represented by Central Government Departments like Agriculture, Finance etc., Research Institutions or ICAR, representatives of seed farmers and progressive farmers and State Governments representatives. The Corporation had generally been following the guidelines issued by the Bureau of Public Enterprises in this regard. The Committee, however, find that at present the Board of Directors consists of Chairman, who is also the Chairman of SFCI, the Joint Secretary in the Ministry of Agriculture, Agriculture Production Commissioner, the Managing Director of the NSC. While appointing progressive farmers to the Board of Directors, the Committee would like that the interests of small and marginal farmers are taken care of. The Committee recommend that Government may consider the feasibility of including representatives of research institutions like ICAR and also the State Government in the interest of coordination with research institutions and also the State Governments. The Committee need hardly stress that the Board of Management should be squarely responsible for any failure in production of quality seeds of appropriate variety and making them available to the farmers in time.

Reply of Government

The Government have already proposed to appoint Deputy Director-General (Crop Sciences) in the Indian Council of Agricultural research as a Director on the Board of Directors of the Corporation to represent the research institutes under the ICAR. In so far as representation for the State Governments recommended by the Committee is concerned, it may be stated that Directors of Agriculture of four State Governments in rotation were appointed as Directors. With the taking up of National Seeds Programme with assistance

from the World Bank, a number of State Seed Corporations would be set up for undertaking production of certified and foundation seeds of various crops. It has now been proposed to appoint Managing Directors of the State Seed Corporations as Directors on the Board of Directors of the National Seeds Corporation.

The recommendation of the Committee that the interests of small and marginal farmers should be taken care of while appointing progressive farmers to the Board of Directors has been noted for implementation.

[Ministry of Agriculture and Irrigation, Department of Agriculture,
U.O. No. 1—7/75-SD dated the February, 1976]

Recommendation (Serial No. 77 Para 12.29)

In this connection, the Committee would like to invite the attention of the Government to their recommendation (in paragraph 1.14) of the 54th Report on State Farms Corporation of India Limited, where they had suggested that arrangements for coordination between the State Farms Corporation and the NSC should be finalised so as to ensure the expertise available with NSC and the optimum utilisation of the farms of SFCI. The Committee would like that in assessing the staff requirements of the NSC, the Government should keep this recommendation in view in order to utilise the expertise developed by the NSC more profitably both in respect of the NSC and SFCI.

Reply of Government

There is now a common Chairman for both SFCI and NSC and the two Corporations are functioning in an integrated manner. Fortnightly joint meetings are arranged for coordinating the work. The expertise available with NSC is being utilised at SFCI farms and larger production programme has been taken up by NSC on SFCI Farms. A policy decision has also been taken that the production, processing, and marketing of seeds on SFCI farms be taken up in a coordinated manner and detailed instructions have been issued demarcating the responsibility of NSC and SFCI and operational arrangements to be made by both the Corporations. Under National Seeds Programme, a number of State Seed Corporations are being set up. The State Governments have been requested that the personnel requirements of these Corporations should be to the extent possible met from the experienced staff available with NSC. The Punjab Government has already agreed to accept on trial basis a substantial portion of the NSC staff in Punjab for manning the posts in the State Seed Corporation.

[Ministry of Agriculture and Irrigation, Department of Agriculture,
U.O. No. 1—7/75-SD dated the January, 1975.]

Comments of the Committee

Please see paragraphs 1—43 of Chapter I of the Report.

Recommendation (Serial No. 78, Paras 12.30 and 12.31)

The Committee regret to note that though the Board of Directors in January, 1970, decided to increase the acreage of inspection by each Seed Production Assistant, the Corporation had not implemented their decision with the result that the acreage inspected by each Seed Production Assistant continued to be less than the prescribed norms. The Committee were informed that, during discussion with the regional managers it was felt that increase in acreage was not feasible without adversely affecting the implementation of the various facts of the programmes of the corporation. It was only in the last meeting of the Regional Managers in August, 1974, that these norms were reviewed and the acreage allotted had been suitably increased. The Committee fail to understand as to how it was not considered feasible earlier to implement the Board's decision when it could be so decided in August, 1974 to review the norms and increase the acreage, without affecting the implementation of the programme. The Committee would like that Government should investigate into this matter and report their findings. The Committee note that as against the original norms of 300 acres of hybrid crops, 100 acres of vegetable crop and 500 acres of other crops the revised norms are 400 acres for hybrid, 200 acres for vegetable and 600 acres for other crops. The Committee recommend that the Corporation should review the working of the revised norms in the light of increased activities of the Corporation and also ensure that the revised norms are adhered to in actual practice.

The Committee also recommend that a review of the strength of the Seed Production Assistants should be made in the light of the experience of working of the norms so that the Seed Production Assistants are usefully deployed in the best interest of the Corporation.

Reply of Government

In regard to the recommendation of the Committee that the delay in the implementation of the decision of the Board of Directors in January, 1970, to increase the acreage of inspection by each Seed Production Assistant should be investigated by Government. It is stated that the papers in this connection were called for from the National Seeds Corporation and examined. It is observed that the Board of Directors at their meeting held on 18th November, 1969 while considering the profit and loss account and balance-sheet of the Corporation for the Year 1968-69 directed the Management to initiate action *inter alia* on economic measures to reduce the expenditure on

establishment to the extent possible. The Board further directed that the action taken by the Management on this point may be placed before the Finance Sub-Committee of the Board and its report submitted to the Board for consideration. This item was included as item No. 3 of the Agenda of the 4th Finance Sub-Committee meeting held on 27th January, 1970. A copy of the agenda notes is enclosed (See Appendix X). It is seen that one of the economy measures suggested was attaching more acres for Seed Production Assistant for inspection work. In Appendix I to the agenda notes the prevailing standards of acreage allotted for inspection to each Seed Production Assistant were given as under:—

- (i) Vegetable Crops—100 acres/SPA/crop season.
- (ii) Hybrid Crops—300 acres/SPA/crop season (maize, jowar and bajra).
- (iii) All other crops—500 acres/SPA/crop season.

The Finance Sub-Committee discussed the various measures suggested for enforcing economy in the expenditure of the Corporation and the position regarding staff was noted *vide* para 3 of the minutes of the Finance Sub-Committee meeting held on 27th January, 1970. It may be noted that the Finance Sub-Committee had not made any specific recommendation for increasing the acreage of inspection by each Seed Production Assistant. The report of the Finance Sub-Committee was placed before the 38th meeting of the Board of Directors held on 31-1-1970 as item No. 6. A copy of the agenda papers is enclosed as in Appendix X. A copy of the minutes of the 38th meeting of the Board of Directors held on 31-1-1970 is also enclosed as in Appendix X. It will be seen from the proceedings (item No. 6 of the agenda see Appendix X) that the Board considered the reports of the Finance Sub-Committee and there was no specific decision on increasing acreage for inspection fixed for seed Production Assistants. It is, therefore, evident that no increase of the acreage for inspection by each Seed Production Assistant was decided upon by the Board of Directors in their meeting held in January, 1970.

As stated by the Committee in the Regional Manager's Conference held in August, 1974, the prescribed norms were reviewed and acreage of inspection was increased as indicated below:—

- (i) Vegetable crops—200 acres/SPA/season.
- (ii) Hybrid crops—400 acres|SPA|season.
- (iii) Other crops—600 acres/SPA/season.

The National Seeds Corporation had reviewed these norms in the beginning of 1975 with a view to effecting further economy in expen-

diture and decided on further upward revision of the norms as indicated below:—

- (a) *For Growers|Producers' Programme in the States where NSC is the certification agency:*

200 acres per individual per season for vegetable/foundation crops.

400 acres per individual per season for hybrid crops.

600 acres per individual per season for other crops.

- (b) *For Growers programme in the States where NSC is not the certification agency:*

200 acres per individual per season for vegetable/foundation crops.

400 acres per individual per season for hybrid crops.

800 acres per individual per season for other crops.

- (c) *For seed production undertaken at SFCI/TDC Farms:*

500 acres per individual per season for hybrid crops.

1000 acres per individual per season for other crops.

The above norms were again subject to review at the 19th RMC held on 9th—12th September, 1975. As a result of this review the norms were fixed as under:—

200 acres per individual per season for vegetable/foundation crops.

400 acres per individual per season for hybrid crops.

500 acres per individual per season for other crops.

700 acres per individual per season for other crops in case of seed production at SFCI and TDC Farms.

It will be observed that the Corporation has been reviewing the norms periodically.

In regard to the review of the strength of the Seed Production Assistants, the Corporation have stated that the strength of the Seed Production Assistants/Assistant Seed Officers of each Regional Office is reviewed with reference to the allotted production programme at the Regional Managers Conference which are held twice in a year. The Corporation have stated that the norms of area for inspection is not the single criterion for determining the strength of Seed Production Assistants. It has been explained that Seed Production Assistants, are also required to attend to marketing, processing, storage

and official work. In addition, some Seed Production Assistants/ Assistant Seed Officers are also functioning as officer incharge of sub-units and in that capacity they are required to supervise the working of the Seed Production Assistants posted under them and also to ensure that production, processing and storage relating to the work of the sub-units is carried on satisfactorily. A few Seed Production Assistants are also working in quality control laboratories at New Delhi and Hyderabad.

It may be stated in this connection that with the implementation of the National Seeds Programme, the NSC will be withdrawing from production of certified seeds and also from the work relating to certification. The State Seed Corporations to be set up under the National Seed Programme will be looking after certified seed production. The State Governments will also be setting up certification agencies to look after certification work. In view of this, the strength of Seed Production Assistants of the NSC will be curtailed and the Corporation have already offered to the State Governments that experienced staff of the NSC can be taken on loan by the State Seed Corporations with a view to their ultimate absorption on their work being found satisfactory.

[Ministry of Agriculture and Irrigation, Department of Agriculture-
U.O. No. 1—7/75-SD dated the February, 1976].

Recommendation (Serial No. 79, Paragraph 13.7)

The Committee feel that the aforesaid two cases are symptomatic of the maladministration and laxity prevailing at the field level in the Corporation. They are indicative of the facts that:—(i) maintenance of accounts of stores/seeds was not satisfactory (ii) there was no system of handing over and taking over charge of stores (iii) for conciliation of shortages was either not done or delayed (iv) procedure of accounting of issues to sub-stores was irregular and (v) there was no proper follow up of the observations of Internal Audit by the Finance and Management.

The Committee recommend that the cases should be thoroughly investigated and action taken against those found responsible for the lapses.

Reply of Government

As per recommendations of the Committee, an Enquiry Committee has been constituted by the Corporation vide its order No. 1(15)/75-Vig/NSC dated the 26th July, 1975 (copy enclosed as in Appendix VI)

for investigations and fixing the responsibility. The investigations are under way. Final action taken will be reported to the Committee in due course.

[Ministry of Agriculture and Irrigation, Department of Agriculture
U.O. No. 1—7/75-SD dated the January, 1976]

Further information called for by the Committee

Please state the latest position regarding investigation of the two cases by the Enquiry Committee.

(Vide Lok Sabha Sectt. O.M. No. 18-PU/75 dated 27-2-76)

Comments of the Committee

Please see paragraph 1.46 of Chapter I of the Report.

Recommendation (Serial No. 80, Paras 13.8 and 13.9)

The Committee need hardly stress that adequate security should be obtained from all staff handling costly seeds/stores which are as good as cash and there should be no question of relieving any one on transfer/resignation etc. without proper and complete handling over of stores.

The Committee also recommend that the procedure for stores handling and accounting should be reviewed immediately and steps taken to plug loop-holes, if any, to obviate recurrence of such irregularities. The Committee would like to be informed of the action taken.

The Committee also stress that the functions of Internal Audit being an aid to Management, due importance should be given to the observations of Internal Audit and prompt follow up action should be taken by Finance and Management with a view to remedying the defects in time.

Reply of Government

Instructions have already been issued by the NSC vide circular No. 9(1)/74-O&M/NSC dated the 7th September, 1975 (as in Appendix XI) to the effect that no official should be relieved from his duties without obtaining a no demand certificate. Instructions have also been issued that if any vigilance case has been instituted against any official to be relieved, clearance from Vigilance Section should be obtained before final relief. The procedure for store handling and accounting has been reviewed. A number of instructions have been issued vide circular No. 2(7)/74-Pers/NSC dated the 16th May, 1975. In particular it has been ordered that securities (Rs. 10,000 in case of

Sr. Store Keepers and Rs. 5,000 in case of Jr. Store Keepers) should be obtained from all officials handling seeds/stores. The procedure for store handling will be further reviewed from time to time and necessary instructions in the light of the review issued.

The Corporation has reported that necessary follow-up action in the light of the observations of the Internal Audit is being undertaken so that the loop-holes are plugged and incidence of irregularities are not repeated.

[Ministry of Agriculture and Irrigation, Department of Agriculture
U.O. No. 1—7/75-SD dated the January, 1976]

Recommendation (Serial No. 82, Para 13.12)

The Committee also recommend that strict instructions should be issued that normally no seeds should be procured from any Member of the family/dependent/relative of any one in the Management/or any of the employees of the Undertaking. Any relaxation in this regard should only be with the specific prior approval of the Board of Directors on full disclosure of the facts and scrutiny by them to safeguard public interests and to obviate any suspicion. The Corporation/Government should bring such cases to the notice of the Parliament by mentioning them in their Annual Reports.

Reply of Government

The recommendation of the Committee has been noted and the NSC has been suitably instructed. A copy of the circular issued by NSC in this connection is enclosed (see Appendix XII).

[Ministry of Agriculture and Irrigation, Department of Agriculture
U.O. No. 1-7/75-SD dated 1-2-1975]

CHAPTER III

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

Recommendation (Serial No. 2, Paras 1.21 and 1.22)

In spite of the recommendation of the Committee on Public Undertakings in their 54th Report (1973-74) on State Farms Corporation of India that role of SFCI and NSC should be clearly demarcated and arrangements for coordination finalised early so as to ensure a judicious management of the expertise with the NSC and optimum utilisation of the farms under the SFCI, the Committee regret to note that NSC and SFCI were functioning 'more or less' at 'cross purposes'. As admitted by the Secretary, during evidence this was not a satisfactory arrangement. The Committee are informed that a draft paper has been prepared on the role of SFCI and NSC which is under consideration of the Government. The Committee are also informed that, to bring about a collaborative relationship between the two undertakings, a Committee has been set up under the chairmanship of the Secretary of Agriculture to review the seeds production programme of both the Corporations and to secure close co-ordination between their activities in the field of seed production. It has also been stated that one of the measures taken in this direction is that NSC should get the foundation seeds produced on the lands of SFCI and SFCI have also undertaken production of certified seeds for NSC on contract basis. Though the separate identity of the Corporations is being continued a very close link up between the two by having common directors etc., has already been partly implemented. The Secretary of the Ministry has also stated during evidence that "If it is found at a later stage that the objectives which a national level organisation the Secretary of Agriculture to review the seeds production programme open to Government to take that decision."

The Committee would like to be informed of the results of co-ordination effected in terms of actual seeds produced and distributed to meet the farmers' requirements.

Reply of Government

On the basis of the recommendations of the Committee on Public Undertakings in their 54th Report on State Farms Corporation of India, the Government of India have taken a number of steps to

bring about a greater measure of Coordination in the working of the two Government of India Undertakings namely, SFCI and the NSC. The Government have decided to appoint a common Chairman on a whole-time basis for these two Undertakings. Based upon this decision, they have appointed Dr. D. P. Singh ex-vice Chancellor of the Govind Ballabh Pant University of Agriculture and Technology as the Chairman of the two Corporations *w.e.f.* December, 1974. The Government have also decided to have as many Directors as possible common on the Board of Directors of the two Undertakings so that in arriving at major decisions also the corporations work close by together.

By and large it has been decided that whereas the NSC will concentrate on quality control, processing and marketing, the Central State Farms of the SFCI shall be primarily used for high quality seed production. The NSC have, therefore, decided to get as large a quantity of certified seeds produced by the SFCI as possible for its marketing programme and in fact all seeds produced by the SFCI shall be marketed by the NSC. Secondly, the NSC has further decided to get foundation seed production organised on the Central State Farms. A statement showing the quantities of foundation and certified seeds produced by the SFCI on behalf of the NSC in the various seasons is enclosed. (See Appendix XIII). The Government of India have formulated a National Seed Programme a co-ordinated approach towards high quality seed production by agencies concerned with all aspects of breeding seed production, processing, distribution and quality control. In drawing up this programme particular attention has been paid to see that there would be no over-lapping of objectives of the NSC and the SFCI. The roles of the two Corporations have been clearly defined and these may be seen at page 7, chapter V B paras 12.10 and 12.11.

[Ministry of Agriculture and Irrigation (Department of Agriculture)

O.M. No. F. 1-7/75-SD, dated the 14-11-1975]

Recommendation (Serial No. 3, Para 2.18)

The Committee regret to note that though the Corporation was set up as 1963 there was no systematic arrangement for assessing the foundation seeds till 1967 and the estimates were based on discussions in Zonal Conferences and the Corporations own estimates. It has been stated that during 1966-67, the Corporation participated in the discussion held by the Government of India with the State Governments for finalising the HYVP targets and on the basis of these targets the programme of foundation and certified seeds was approved by the Board of Directors in February, 1967 for

the period 1966-67 to 1970-71. The targets framed on the basis of these requirements could not be strictly adhered to with the result that there was heavy accumulation of seeds in hybrid. The Committee have given their recommendations in regard to certified and foundation seeds elsewhere in this report.

The Committee were informed that from 1973 there had been some difficulties in meeting the seed requirements primarily because of inadequate data collection in respect of estimation of seed requirements since the requirements of foundation seeds depended on requirements of certified seeds. The Committee were also informed that the State Governments found it difficult to work out the precise requirements of certified seeds of different varieties of self-pollinated crops while there was no difficulty in assessing the requirements of certified seeds of crops pollinated crops. Moreover, the State Governments were getting their seed requirements produced through the registered growers with the result that no precise information about the requirement of certified seeds over and above the seeds available with the State Governments either on the contract growers programme or otherwise was available. The Committee were informed that in view of this it was not possible for Government to work out the requirements of seed although according to Government by and large the Corporation was in a position to fulfil the demand of foundation seeds for most of the certified seeds programme.

Reply of Government

The Government of India have been trying to systematise assessment of seed requirements variety-wise for different crops through periodic Zonal Conferences. As has been explained in our written reply, estimation of seed requirements in precise manner poses some difficulties in as much as there are a number of factors which influence seed demand and especially in terms of different varieties of crops. It would require making a judgement on the choice of varieties which farmer would prefer, as the extent to which he would replace his seed with certified seeds and on that particular cropping pattern he is likely to adopt which in turn is influenced by several factors. As a result of the Zonal Conferences there has been a much greater awareness of the need to estimate seed requirements well ahead of time and on this basis a projection of seed required from 1976-77 to 1980-81 has been attempted as part of the National Seeds Programme. Annexure on this subject is enclosed (as in Appendix XIV).

[Ministry of Agriculture & Irrigation (Department of Agriculture),
O.M. No. F. 1-7/75-SD, dated 14-11-1975]

Recommendation (Serial No. 10, Para 2.60)

The Committee note that although the Corporation had decided in February, 1967 to take up production of certified seeds of hybrid varieties of maize, sorghum and bajra to the extent of 5 per cent to 10 per cent of the total requirements of the country, the actual production of certified seeds for maize during 1967-68 and for bajra during 1966-67, 1968-69 and 1969-70 was in excess of the limit prescribed by the Board of Directors. The Committee note that excess production of maize was undertaken against the specific indents of Bihar Government while that of bajra against the specific demand of other State Governments. The Committee regret to observe that inspite of these specific demands of quantity of 14,431 qntls. of hybrid maize valued at Rs. 26 lakhs was lying in stock in August, 1969 out of which 2764 qntls. valued at Rs. 6.20 lakhs had to be condemned. The Committee recommend that the reasons for excess production and low off-take of maize seeds which resulted in condemnation of seeds of over Rs. 6 lakhs may be investigated and responsibility for the lapses fixed and committee informed.

Reply of Government

As has been explained in the written replies to the Committee and elsewhere in replies to recommendations|conclusions, it may be pointed out that any seed organisation like the NSC has to take some risk in producing seeds against specific demands though in practice it may be found later that the off-take of the seed is less than what was anticipated or indicated in the initial years. The NSC did not produce seeds as a result of specific agreements with States, but were guided by the demands indicated by the States in organising production programmes. The State Governments also did not have sufficient experience of the hybrids of maize, sorghum and bajra nor could they gauge in a precise manner the likely off take of seeds by the farmers, which is ultimately based on the willingness of the farmers to take the seed. However, the foundation seeds have to be produced two years ahead of the time when the farmers purchase certified seeds for the crop and certified seeds in turn will have to be produced a year ahead. In many cases, it may so happen that the requirements of the farmers change if in a particular year the crop suffers on account of any agro-climatic or marketing factors. As a result of such experience the farmer may not go in the subsequent year for that crop varieties he had grown in one year. If, however, one has to avoid any shortages of seeds the production programme will have to be organised on the basis of the likely judgement of effective demand which may not come through in practice. As a result there may be accumulation of seeds. It may

be difficult to nx responsibility for the so-called excess production which become excess only because off-take was less than expected, due to various factors, which influence seed demand.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
O.M. No. F. 1-7/75-SD, dated 14-11-1975]

Recommendation (Serial No. 12, Para 2.73)

The Committee regret to note that, although it was envisaged in the scheme formulated by the Ministry in May, 1961 that 25 percent of the total cultivated area under maize would be brought under hybrid variety during the Third Five Year Plan with an additional yield of 51 lakh maunds per year, so far the maximum percentage of the actual coverage has only been of the order of 8.6 per cent. Even the targets for coverage in 1970-71 and 1972-73 were lower than those in 1968-69. The Committee were informed that hybrid maize did not become popular with the farmer as a result of marketing problem due to the consumer resistance and it did not also fit in with the cultivation pattern. The Committee fail to understand as to why these problems were not studied earlier with the assistance of Research Institution and steps taken to popularise the use of hybrid varieties before undertaking production of hybrid seeds.

The Committee would also like that the Corporation/Government take the assistance of the ICAR and other Research Institutes for evolving a suitable cropping pattern for use of hybrid varieties and take appropriate measures for planning in advance about the sowing of the hybrid seeds.

Reply of Government

As a result of the evolution of new varieties under various research programme the Central and the State Variety Release Committee recommend the release of new varieties of crops for mass cultivation. These committees do take note of the data coming from coordinated trials organized to gauge performance of the newly evolved varieties conducted by research institutions. Once a variety has been released for mass cultivation, often times problems have been found to occur when the varieties are grown in large areas. Despite the fact the Central or State Government would go generally on the advice of the research institutions or ICAR, yet one cannot say precisely whether a particular planned programme adopted on the basis of new varieties will materialize in the field condition. The yield of hybrid maize being much higher than the local varieties, it has been expected that the farmers would take to new maize. However, the area proposed to be brought

under cultivation of hybrids could not be achieved on account of marketing problem or consumer preference for the product etc. The ICAR or Research Institutes do take most of the factors in to account to the extent possible and the central and State Governments take note of the recommendation made by them.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
O.M. No. F. 1-7/75-SD, dated 14-11-1975].

Recommendation (Serial No. 17, Para 2.104)

The Committee are surprised to find that even now the Corporation does not have full research on Seed Technology particularly with reference to jute, although it has located new areas for cultivation in Maharashtra, Andhra Pradesh and Madhya Pradesh and trying to link this programme with other remunerative programmes in these areas. The Committee were informed that against the total requirements of 16,000 to 20,000 quintals of jute seeds for the country, the NSC is contributing about 50 per cent while other Corporations, viz., Tarai Development Corporation, Vidharba and State Governments are also contributing to some extent. The Committee feel that the Corporation should take up this matter seriously with the Research Institutes and Agricultural Universities for developing good quality of breeder seeds for jute and explore ways and means of producing improved varieties of foundation seeds for this commercial crop of vital importance in earning foreign exchange through exports of Jute manufacturer.

Reply of Government

The Jute Agricultural Research Institute, Budhud is already engaged breeding improved varieties and in production of high quality breeders seed of Jute. Once an improved variety has been breed National Seed Corporation undertake multiplying into foundation and certified seeds. It may be added that breeding improved varieties is not a function of N.S.C. and that I.C.A.R. and other research institutions under it are aware of the need to involve improved varieties of Jute.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
O.M. No. F. 1-7/75-SD, dated 14-11-1975].

Recommendation (Serial No. 26, Para 3.34)

The Committee note that the Corporation had occupied 746 acres of land in the first instance in the south block of Hempur (UP) in 1964 after due inspection; but later after some work was done on

its development and it was cultivated for two seasons, the Corporation found that there was drainage problem and gave up that farm in exchange for another farm of 1008 acres in the north block. The Committee cannot but conclude that the inspection made before occupying the farm in the south block was perfunctory as otherwise the problem in the area would have been detected before occupation of the farm and much of the expenditure on its development would have been avoided. The Committee, therefore, recommend that this matter should be thoroughly investigated and responsibility for the lapses fixed. The Committee hope that such mistakes will not recur in future and the Corporation will ensure that farms or lands, including those which might be offered by SFCI, will be selected with due care and after thorough inspection so that scarce resources and precious time are not wasted on land not suitable for seed production.

Reply of Government

As recommended by the Committee, this matter has been thoroughly investigated by the Chairman, NSC/SFCI. From the enquiry report it has been found that the Corporation did not suffer any loss. The report of the enquiry has been considered by the Board of Directors of NSC in its 63rd Meeting and the decisions of the Board alongwith a copy of the report is enclosed (See Appendix II)

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated 12-1975].

Recommendation (Serial No. 34, Para 4.26)

The Committee note that the Corporation is certifying not only the seeds produced by the producers who market their own produce but also the seeds produced by it at its own farms as well as the seeds produced by its contract-growers. The Committee also note that the Seeds Review Team appointed in 1966 had expressed in 1968 that "the first requisite for a certification agency is that it should be independent from the agency producing or selling the seeds on the one hand and from the agency enforcing the Seed Act on the other." The Team also recommend that the Certification agency should be set up as Boards constituted in different States consisting of representatives of seed growers, seed trade, scientists, farmers etc. Although these recommendations of Seed Review Team had been accepted by Government as far back as 1969, the Committee regret to note that no effective steps have so far been taken to set up an independent certification agency and the NSC which is

a producer and seller of seeds is still continuing as a certifying agency. The Secretary of the Ministry has admitted during evidence that "NSC itself is one of the major seed producers and the certifying agency, at least in theory, ought to be a neutral body which should not be suspected of having any bias either towards the seed producer or against the seed producer...."

The Committee recommend that it is time that Government should consider setting up an independent agency for certification of the seeds produced by NSC so that certification by such an independent agency may inspire confidence in the minds of farmers about the genetic purity prescribed standard of germination etc. which are expected of the certified seeds of the NSC.

Reply of Government

The Government of India have been requesting the State Governments to establish seed certification agencies which are independent of the seed producing organisations as well as of seed law enforcement agencies. Model Memorandum and Articles of Association of independent seed certification societies have been circulated to the State Governments. The Government of India have also formulated a scheme under which financial assistance will be given to such independent State seed certification agencies for a period of 5 years. The scheme has been approved of by the Planning Commission and will be implemented as soon as the approval of the Finance Ministry is obtained. The Central Seed Certification Board which had been established to coordinate the activities of the State Seed Certification Agencies and to advise the Government of India on matters connected with seed certification, has been recently made broad-based and reconstituted. Establishment of independent seed certification agencies is one of the important components of the National Seeds Programme. It is expected that more and more State Governments will be establishing independent seed certification agencies in the near future.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated 12-1975].

Recommendation (Serial No. 35, Para 4.28 and 4.29)

The Committee regret to note that, through the Government of India had advised the State Governments as early as in January, 1970 to initiate action to set up independent certification agencies in their States, except Maharashtra, Gujarat, Andhra Pradesh, Karnataka, Kerala, West Bengal and Tamil Nadu who had set up

their own certifying agencies. The others have nominated NSC as certification agency and thus NSC is filling the gap in those States for the purpose.

The Committee were informed that enforcement of provisions of Seed Act have not progressed much because of non-establishment of separate seed law enforcement machinery in the States. It was expected that with the assistance now envisaged in the 5th Plan, the State Governments should be establishing separate Seed Act machinery and take effective steps for implementation of the provision of the Seed Act. The Committee urge that Ministry should pursue this matter in all earnestness with the State Governments and ensure that the provisions of the Seed Act are enforced both in letter and spirit and the State Governments establish their own certification agencies wherever not done without any delay.

Reply of Government

It may be stated with regard to setting up of certification agencies by the State Governments that the National Seeds Corporation, at present, is doing certification work only in respect of *three States namely, Rajasthan, Madhya Pradesh, U.P. as other State have set up their own certification agencies. With the taking up of National Seeds Programme, the above three states also will be setting up their own certification agencies. It may also be stated that the Government of India have been advising the State Governments that certification agencies set up by them should be independent of both seed production and seed law enforcement agencies in order that a third party guarantee is available to the farmers in respect of quality of seeds. Except in Karnataka, the seed certification agencies set up by the various State Governments are a part of the Directorates of Agriculture. As explained in the reply to Recommendation Nos. 37 38, seed certification work cannot be expected to be self-financing in the early stages and an independent seed certification agency registered under the societies Registration Act may not be a viable unit till the area coming under certification increases. The Central Government have included a scheme in the Central Sector in the 5th Five Year Plan with an outlay of Rs. 200.00 lakhs for giving financial assistance to State independent certification agencies. It is proposed to meet the difference between the expenditure incurred by the certification agency for providing requisite services and the inspection fee realised for a period of five

*Seven States as intimated by the Corporation at the time of factual verification.

②At the time of factual verification, the Corporation added the names of States—"Punjab, Himachal Pradesh, Jammu & Kashmir and Delhi".

years or till they become financially self-supporting whichever is earlier. The assistance to the State Certification Agencies will be routed through the Central Seed Certification Board set up under Section 8(A) of the Seeds Act.

In regard to enforcement of the provisions of the Seeds Act, it is true that the main handicap in successful enforcement of the provisions of the Seed Act is the absence of a separate seed law enforcement machinery in the States. The State Governments had notified the existing district functionaries under the Agriculture Department as Seed Inspectors. Because of the multifarious duties already attended to by these Officer, it has not been possible for them to pay adequate attention to the enforcement of the various provisions of the Seed Act. The State Governments had represented that for lack of finance it has not been possible for them to appoint a distinct cadre of inspectors. The Government of India have taken this difficulty of the State Governments into consideration and have included a Centrally-sponsored scheme with an outlay of Rs. 500 lakhs in the 5th Five Year Plan. The scheme envisages development of arrangements for quality control of all the three agricultural inputs namely, fertiliser, pesticide and seeds. It is proposed to assist the State Governments in creating a separate cadre of quality control inspectors at the rate of one in each district. The scheme has been formulated and is at the final stages of consideration.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated Feb., 1976].

Recommendation (Serial Nos. 37 & 38 Para 4.31 & 4.33)

The Committee note that certification services are rendered by the National Seeds Corporation on payment of prescribed inspection fees. For this purpose, the Corporation had fixed a rate of Rs. 10 per acre as inspection fee in 1963 for the hybrid varieties of maize, bajra and sorghum. This rate was revised in May, 1966 to Rs. 25/- per acre. The Committee regret to point out that although the profit-loss accounts in respect of certification services for 1963-64 indicated a loss of Rs. 38,824 the Corporation decided to continue to do the certification work even at a loss on the consideration that it was a promotional activity and such loss should be made up by profits on other commercial operations.

The Committee also note that as a result of an exercise done by N.S.C. in 1970 the actual expenditure per acre was found much more than the inspection fee recovered resulting in an under-recovery of about Rs. 23 lakhs during 1964-65 to 1968-69. Although the inspection fee was revised w.e.f. 1st January, 1970, even the

revised rates were more than the actual expenditure particularly in the case of vegetables, where actual expenditure was more than five times the inspection fee recovered.

The Committee do not share the view of the Corporation/Ministry that the certification work is promotional activity and the loss on this account should be made up by profits on other commercial operations. The Committee feel that such a course will only indirectly burden the consumers at the cost of the exchequer.

The Committee need, therefore, hardly emphasise the necessity for a proper accounting and review of the expenses on certification with a view to identify areas where expenditure has been particularly very high. The Committee recommend that for this purpose it is essential that Corporation should maintain separate accounts of certification expenditure and Corporation/Government should critically analyse the reasons for the wide variations of the actual expenditure per acre of inspection and the fee recovered therefor, with a view to effecting economy in the expenditure.

The Committee also recommend that Government should fix standard norms for inspection and certification after examining the financial implications thereof and keeping in view the cost of staff employed and overheads.

Reply of Government

Under the Seeds Act, 1966, certification of seeds is voluntary. In order to give an incentive to the seed growers to get their seeds certified, so as to ensure third party guarantee to the farmers about the quality of seed, it is felt that the certification charges should not be prohibitive. It is for this reason that certification activity has been regarded as promotional and there has been no attempt to recover the actual certification expenses. It may be noted that when larger and larger areas under seed production are brought under seed certification, and certain amount of compactness of area under seed production and certification is achieved, certification expenditure will get reduced and the certification charges can be so fixed as to recover the actual expenditure on certification and they would be within the reasonable limits of seed growers. In the initial stages there will be deficits between actual expenditure and revenue through certification charges. As a measure of promotion of certification activities, the Central Government are taking up a Centrally-sponsored scheme in the 5th Plan with a total outlay of Rs. 2.00 lakhs to assist the State Certification agencies in the matter of certification. It is proposed under this scheme to sanction

grants to the certification agencies to cover the deficit between the actual certification expenses and the inspection charges. A copy of the scheme is enclosed (Appendix I).

It may also be stated that the National Seeds Corporation is now doing certification only in respect of *three States viz. Rajasthan, Uttar Pradesh and Madhya Pradesh@ as other States have set up their own certification agencies. With the taking up of National Seeds Programme, the above three States also will be setting up their own certification agencies. In the light of the above, it is not considered at this stage to increase the certification charges of N.S.C. or to maintain separate accounts of certification expenditure and receipts.

Under Section 8(A) of the Seeds Act a Central Seed Certification Board has been set up in the Ministry of Agriculture & Irrigation, for advising the Government on all matters relating to seed certification and guiding the State Certification agencies in their work. The Board will lay down the norms for inspection and certification as recommended by the Committee. The Composition of the Central Seed Certification Board and its terms of reference are shown in Appendix II.

[Ministry of Agriculture & Irrigation (Department of Agriculture).
U.O. No. 1-7/75-SD dated the Feb., 1976].

Recommendation (Serial No. 41, Para 6.21)

The Committee note that the 5th Plan scheme includes provision for building up of reserve stock of seeds to be drawn upon in the event of natural calamities, such reserve stocks are, being maintained both at the State level and the Central level. Accordingly, an amount of Rs. 3 crores has been provided in the 5th Five Year Plan for the reserve to be maintained by the Seeds Corporation. The Committee were informed that it is now proposed to keep a reserve stock of 579 tonnes of foundation seeds and 7,800 tonnes of certified seeds of main crops like maize, sorghum, bajra, wheat and paddy, that special de-humidified and sophisticated storage godowns would be put up at suitable locations for the maintenance of these reserve stocks, and there is a proposal to create adequate processing facilities at appropriate places. The total quantity for this purpose has been intimated by the Corporation at Rs. 6.5 lakhs.

Reply of Government

The Government of India have decided to take up a scheme in the Fifth Plan for building up of reserve stock of seeds. The

(*@) vide foot notes at page 75.

scheme has been finalised. However, the N.S.C. have decided to produce from 1975-76 seeds in slight excess of their normal marketing programme to be kept as "Reserve Stock" and hence a beginning has been made in this direction already.

[Ministry of Agriculture & Irrigation (Department of Agriculture)
O.M. No. 1-7/75-SD, dated 14-11-1975].

Recommendation (Serial No. 43, Para 7.23)

The Committee note that the Corporation has condemned seeds worth Rs. 16.16 lakhs in 1969-70, Rs. 16.93 in 1970-71, Rs. 70.37 lakhs in 1971-72 and Rs. 8.47 lakhs in 1972-73. The highest percentage of condemnation was 15 per cent in 1971-72. The Committee are informed that the condemnation of seeds was not taken up till 1968-69 and most of seed was procured in 1967-68. The high percentage of condemnation in 1971-72 was due to the Corporation taking up the production programme of foundation and certified seeds from 1966-67 onwards without a correct assessment of the requirements of such seeds and without any firm commitment from the State Governments which resulted in the poor off-take by the State Governments.

The Committee are also informed that the targets were fixed on the basis of Board's decision in February, 1967 which in turn was based on the requirements worked out in consultation with the Ministry. The Committee find that there was an accumulation of 15,304 quintals of foundation seeds valued at Rs. 69.29 lakhs as on 31st December, 1969. At the instance of the Board of Directors the inventory was examined and after taking into account the expected utilisation upto 1972-73 it was decided that 10,985 qtls. valued at Rs. 51.14 lakhs were surplus and should be disposed of. The Committee note that this recommendation was based on the consideration that it would not be safe to preserve these stocks beyond three years even if best storage conditions were available.

Reply of Government

N.S.C. took the production programme as per HYVP target fixed by the Government of India and thus production remained correlated with the HYVP targets since 1966. Non-implementation/partial implementation of these targets by the State Government has made the seed surplus with the N.S.C. Seed, a biological identity, cannot be stored for indefinite period and hence was condemned after they suffered loss in germination and viability. In view of the past experience, NSC has now adopted a policy of getting the firm indent one year in advance for foundation as well as certified seeds and then only production is being arranged. While

initiating the production programme NSC also gets 10 per cent advance for foundation as well as for certified seed as a token of firm commitment from the interested parties. With this in force, it is now expected that NSC may not face problems of condemnation of considerable quantities of seeds. In this connection, it may, however, be pointed out that intensification of research will continuously replace the old and existing varieties by offering promising ones, and hence the farmers anxiety for the new advancement may always lead to poor off take of old and existing varieties.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
O.M. No. 1-7/75-SD dated 14-11-1975].

Recommendation (Serial No. 45, Para 7.25)

The Committee were also informed that most of the seeds were taken from the contract growers. The Committee are not sure whether when procuring seeds from the contract growers, they were subject to strict quality control. The Committee are of the opinion that had quality control measures been adopted by the Corporation even at the time of procurement of seeds, the Corporation would not have been faced with this huge condemnation.

Reply of Government

Under the National Seeds Programme approved by the Government of India the NSC will withdraw completely from the production of certified seeds. The certified seeds* will be produced by the State Seed Corporations. However, the State Seed Corporations will not produce seeds through contract growers. The seeds will be produced on the lands of the growers who are also share-holders of the Seed Corporation. It is expected that with the doing away of the contract growing there will be increased quality consciousness in the seed growers. Further the certified seeds will be produced in selected compact areas in the vicinity of Agricultural Universities. This will facilitate closer technical supervision and guidance to the seed growers, thus improving the quality of the seeds produced. Thirdly, independent seed certification agencies are proposed to be set up in the different States under the National Seeds Programme. These agencies will be independent of both the seed producing organisations and the seed law enforcement agencies. This system of seed certification, it is expected, will lead to more effective quality control. As regards breeder seeds under the National Seeds Programme it has been proposed that to ensure quality the breeder seed should be inspected by a special unit to be set up in the aegis of the ICAR.

*At the time of factual verification, the Corporation added as under:—

“except vegetable seeds and seeds of special crops not produced by State Seeds Corporations”.

Quality control of foundation seeds also are proposed to be strengthened under the National Seeds Programme. It has been proposed that foundation seeds will be officially certified and that there will be additional inspection of foundation seed crop by the concerned breeder and that each foundation seed lot will be put to post-control or grow-out tests. It would thus be seen that great emphasis is being placed on quality control in the proposed arrangements under the National Seeds Programme.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD dated -12-1976].

Recommendation (Serial No. 53, Para 9.13)

The Committee regret to note that there has been consistent shortfall in the sale of foundation seeds right from 1966-67 to 1972-73. Against targets for sale of foundation seeds of Rs. 191.79 lakhs in 1966-67, Rs. 104.71 lakhs in 1967-68 and Rs. 110.25 lakhs in 1968-69, the actual sales were only Rs. 37.00 lakhs, Rs. 49 lakhs and Rs. 67 lakhs respectively. The shortfall has been maximum in 1966-67 (80.5 per cent). The Committee are informed that the sale of foundation seed had a direct relation with the production programme. Moreover for 1967-68 there was a slump in seed industry and large stock of certified seeds were lying undisposed with the various parties including NSC. The Committee have already given their comments in regard to unrealistic fixation of targets and excess production of seeds of different varieties without firm commitment during the period 1966-67 to 1968-69 and their poor off-take in that period. The Committee are surprised that in spite of the shortfall in sales, the Ministry had not made any detailed analysis in this regard.

Reply of Government.

As stated in reply to Recommendation No. 46, the NSC had undertaken production of foundation seeds for the high-yielding variety programme as an agent of the Government and on the basis of the targets fixed in consultation with the State Governments. Since the targets under high-yielding variety programme could not be achieved, the Corporation was left with large surpluses both in foundation and certified seeds. The Government had taken note of this. As sales or both foundation and certified seeds were directly related to the production programme which, however, could not be achieved due to various reasons, there appears to be no need for the Ministry of Agriculture and Irrigation to make any detailed analysis in regard to the poor off-take of seeds produced by the Corporation.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated the Feb., 1976]

Recommendation (Serial No. 54, Para 9.14)

The Committee also note that there had been a shortfall of Rs. 56.5 per cent, 22.7 per cent, 59.2 per cent and 50.9 per cent during 1966-67 to 1969-70 and in the actual sales of certified seeds compared to the targets fixed for these years. While the targets were Rs. 291 lakhs, Rs. 287 lakhs, Rs. 259 lakhs and Rs. 515 lakhs respectively, the actual sales had been Rs. 126.72 lakhs, Rs. 222.19 lakhs and Rs. 105.69 lakhs and Rs. 252.78 lakhs respectively.

In the Chapter on "Production of Seeds" the Committee have already given their recommendations in regard to production of certified seeds during 1966-67 to 1969-70. While the Corporation decided to take up production of certified seeds to the extent of 5 to 15 per cent of the total requirements the production far exceeded the targets in certain varieties and were very much less than the requirements in other varieties.

The Committee would like that Government/Corporation should critically examine the reasons for the shortfalls in sales and take steps to fix the targets on a realistic manner based on firm commitments from the consumers.

Reply of Government

As already explained in reply to Recommendation No. 53, the shortfall in the sale of certified seeds during 1966-67 to 1969-70 was mainly due to the non-achievement of targets of coverage under high-yielding variety programme. In addition to the NSC, some of the State Governments like Maharashtra and also private seed producers were left with large stocks because of non-materialisation of anticipated demand.

The National Seeds Corporation have now started custom production system under which their own dealers and State Governments are required to assess their demands well in advance and register the same with the Corporation backed by 10 per cent cost of seeds in advance. Further, the Corporation has started planning seed production on the basis of the demands assessed at their Regional Managers Conference. The sales targets are also finalised in the Regional Managers Conference taking into account the demand and likely availability.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated the Feb., 1976]

Recommendation (Serial No. 55, Para 9.15)

The Committee are informed that during 1966-67 and 1967-68 the Corporation could dispose of the available stock of certified seeds and shortfall was due to non-availability of stocks. The Committee are perplexed as to while on one side there had been excess production, on the other hand there had been poor sales. The Committee are surprised that the Corporation did not have information regarding the total sales of foundation and certified seeds in the country. In the absence of this information the Committee are not sure as to how the Corporation made its sale programme and fixed the targets.

Reply of Government

It may be stated that the Corporation had arranged production on the basis of demand assessed in their Regional Managers Conference and not with reference to the total requirements of foundation and certified seeds in the country. The sale programme and targets were finalised on the basis of the production organised by the Corporation. It may be noted in this connection that the State Governments organised seed production on their own farms and the farms of State research institutes and also by contract growing through registered seed growers. The seed production programme organised by the NSC was designed to supplement the seed production organised by the State Governments. In the circumstances, the need for collecting information regarding the total sales of foundation and certified seeds in the country was not felt by the Corporation.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated the Feb., 1976]

Recommendation (Serial No. 56, Para 9.16)

The Committee also note that there has been a sudden reduction in the targetted figures of sale of foundation seeds during 1970-71 to 1972-73. Even compared to these reduced targets, the actual sales have been less.

The Committee are unable to understand the rationale behind the fixation of sale targets during 1970-71 to 1972-73. The Committee recommended that Government/Corporation should review the procedure for fixing the targets of sales and ensure that these are consistent with the demand for the seeds.

Reply of Government

The target and sale of foundation seeds has got direct relation with the off-take of certified seeds. There had been all-along glut

in the seed industry and nobody could anticipate less off-take. Due to this in 1968-69 there had been fear of surplus stocks and no producers came forward to have production. NSC also could not achieve the proposed target of foundation seeds. It was only after 1972-73 that the sale of certified seeds increased and which resulted in the ultimate consumption of foundation seeds.

As mentioned above, the sale of foundation seed has got direct relation with the demand of certified seeds. The demand of certified seeds is assessed well in advance and the production of foundation seeds is arranged accordingly. Under the present system the State Governments as well as the private producers place the demand of foundation seeds one year ahead. This helps in organising the production and in the fixation of sale targets of foundation seeds.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated the Feb., 1976].

Recommendation (Serial No. 66, Para 11.24)

The Committee note that the scheme for setting up of a credit division in the Corporation was submitted to the Board of Directors in November, 1965 and as the proposal involved an expenditure of more than Rs. 40 lakhs, it was stated to have been forwarded to Government in November, 1970. In the opinion of the Ministry, such a division was not necessary as production loans were already available to seed producers and commercial banks were also giving credit facilities. The Committee regret to note that the Corporation had not analysed credit requirements of the agencies involved, although according to them, one hectare of seed production would require a credit of Rs. 1,000 to Rs. 1,500 and on this basis the credit requirements are so large that it is not within the financial means of the Corporation. The Committee are informed that the Corporation had not advised the commercial banks to give loans to producers of the NSC but the State Bank of India and United Commercial Bank have shown interest in extending the credit and the Corporation proposed to send a list of seed growers to those Banks extending the loans to them. While the Committee agree that the Corporation need not involve itself in giving guarantees on behalf of the growers to facilitate their obtaining loans from Banks, the Committee feel that in the interest of seed production, the Corporation can consider the feasibility of issuing some certificates to identify the genuine growers of seeds when they apply for loans from banks, to obviate chances of bogus persons posing as seed producers of the Corporation in order to obtain commercial loans.

Reply of Government

Under the National Seeds Programme, NSC will withdraw completely from production of certified seeds. NSC will, however, be the sole agency for production and distribution of foundation seeds of varieties of all India importance but the production will be undertaken on the farms of the Agricultural Universities, State Governments and of the State Farms Corporation of India. Certified seed production will be organised by the State Seed Corporation on farms of the share-holders and arrangement for institutional credit for the growers will be made by the State Seed Corporations. Therefore it will not be necessary for the NSC to issue certificates to identify growers of seeds.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD dated 12-1975].

CHAPTER IV

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

Recommendation (Serial No. 9, Para 2.50)

The Committee regret to note that though the targets of production of foundation seeds have been reduced from 3780 acres in 1969-70 to 101 acres in 1970-71 and 722 acres in 1973-74 the targets of production have not been achieved either in respect of acreage or quantity for one or the other reasons. From the figures of the offtake the Committee find that targets of production have no relation to the offtake. They also note that the actual yield per acre varied divergently from the yield estimated in fixing the targets. In spite of this the Committee regret to observe that the Ministry had neither investigated the causes of shortfall in achieving the targets nor the reasons for the low trends in actual production per acre. The Committee recommended that the Ministry should now critically go into the causes of such shortfalls in production and the low yield per acre with a view to taking suitable remedial action for improving the productivity.

The Committee would also like that Ministry should undertake a comparative study of production per acre obtained by NSC *vis-a-vis* the other progressive farms of the State Governments Farms or private farms situated near about State Governments/Research Institutes and Agricultural Universities with a view to fixing suitable norms of production of seeds per acre in the NSC farms.

Reply of Government

The recommendations of the Committee have been noted. As desired a comparative study of productivity at the NSC farms *vis-a-vis* of other farms and other institutions will be got conducted. In this connection, however, it may be pointed out that in the case of SFCI, the new Chairman has already prescribed a Calendar of Operations to determine norms of production. If this is completed, the same norms can be adopted for the NSC farms.

[Min. of Agri. & Irrigation (Department of Agriculture) O.M. No. F. 1-7/75-SD dated the 14-11-1975.]

Further Information called for by the Committee

Has any critical analysis been made of the past performance; what remedial measures have been taken?

[Vide Lok Sabha Sectt. O.M. No. 18-PU/75 dated 14-1-1976.]

Further Reply of Government

Action has been initiated to collect information regarding seed production and economics of seed production at the farms of agricultural universities, SFCI, state Government farms and NSC farms as submitted in reply to recommendation No. 3.57. On receipt of this information a comparative study will be made regarding production per acre obtained by NSC *vis-a-vis* farms of agricultural universities, SFCI and state governments. At the same time all possible remedial measures like provision of required number of farm implements, development of land, providing necessary irrigation facilities, adjusting time of sowings and timely availability of inputs like seeds, fertilizers and pesticides/insecticides are being taken to ensure better achievement of targets.

[Vide Ministry of Agriculture and Irrigation O.M. No. 1-7/75-SD, dated 23-1-76].

Comments of the Committee

Please see paragraph 1.10 of Chapter I of the Report.

Recommendation (Serial No. 13, Para 2.74)

The Committee regret to observe that the Corporation had assured that improved seeds alone would contribute to an increase in production by 15 per cent without obtaining an expert opinion on the subject. The Committee would like Corporation/Government to undertake a study of the production pattern with the use of hybrid varieties on the yield per acre so that the advantage of the use of hybrid *vis-a-vis* the local varieties improving the yield can be brought home to the notice of the cultivators.

Reply of the Government

No specific studies have been made to determine the increase in production obtained by using fresh certified seeds. In case of hybrid as compared to local varieties, yield potential is higher. The observation that no specific studies have been made to indicate that improved seeds could contribute to increased production by 15 per cent was made in the context that were a farmer to use fresh certified seed instead of using seed from his own production the production would go up by 15 per cent. It may be added that the difference in yield potential of newly evolved varieties as compared to local ones is studied under extensive field trials in judging the

performance of the new varieties and precise data on the increase in yields compared to local ones are therefore available.

[Ministry of Agriculture and Irrigation (Department of Agriculture) O.M. No. F.1-7/75-SD, dated the 14-11-1975]

Comments of the Committee

Please see paragraph 1.13 of Chapter I of the Report.

Recommendation (Serial No. 25, Para 3.24)

The Committee regret to note that even though the facts that the land for Yamunanagar farm was available only for a period of two years and that the land was reserved for Railway Colony were known to the Corporation, the Corporation selected the land for establishment of this farm. Even after selection, the Committee find that the Corporation could not use the farm for growing seeds of potatoes for which it was intended, as most of the area was low lying with the result that the Corporation suffered a loss of Rs. 46,477/-. As admitted by the Ministry, the entire proposal of taking land for a period of two years was inadvisable. The Committee are not happy about the unwise action on the part of the Corporation in having taken up this unsuitable land without going into the economics of the short term lease which resulted in a loss of Rs. 46,477. The Committee would like that the entire matter may be investigated and responsibility for selection of an unsuitable land by the Corporation fixed.

Reply of the Government

As per recommendation of the Committee, an enquiry committee was instituted by the Chairman, NSC/SFCI, in respect of Yamunanagar Farm of NSC and the report of the enquiry committee was considered by the Board of Directors of the NSC in its 63rd meeting held on 17-11-1975. The report of the Committee is enclosed see Appendix II. The report reveals that the decision for taking over the Yamunanagar Farm for production of seeds was taken at the level of the Chairman after taking into account the *pros and cons* on merits of the case and the views expressed thereon. The Farm could not make profit because of natural calamities and to some extent due to non-investment made on account of lease being temporary.

[Ministry of Agriculture & Irrigation (Department of Agriculture),
U.O. No. 1-7/75-SD, dated the 12-1975].

Comments of the Committee

Please see paragraph 1.19 of Chapter I of the Report.

Recommendation (Serial No. 31—Paragraph 3.57)

The Committee also recommend that the Government should undertake a comparative study of the production records and economics of production of foundation seed at the farms of the Corporation and those of other Government and Quasi-Government agencies at the Centre and in the States with a view to improve cultivation and production of foundation seeds at economic cost.

Reply of the Government

The information is being collected from N.S.C. farms, farms of SFCI, State Government farms and farms of agricultural universities. Action has already been initiated and outcome of the study will be submitted to the Committee in due course.

[Ministry of Agriculture and Irrigation, Department of Agriculture U.O. No. 1-7/75-SD dated the Jan., 1976]

Comments of the Committee

Please see paragraph 3.57 of Chapter I of the Report.

Recommendation (Serial No. 46 Para 7.26).

The Committee also find that the loss incurred by the Corporation in the sale of condemned seed was to the extent of 70 to 85 per cent of the price. The Committee are informed that on the basis of realisable value, the loss amounted to more than Rs. 91 lakhs till the end of 1972-73. In spite of this the committee are surprised that Government have not considered this as a significant loss and seem to be complacent that they had already analysed the causes of the seed being declared unfit and condemnation was done by a Condemnation Committee. The Committee recommend that the entire matter including the deal with contract growers and procedure of condemnation should be thoroughly investigated with a view to pinpoint the shortcomings at the several stages and fix responsibility for the lapses. The Committee would like to be informed of the action taken in this matter.

Reply of the Government

It may be stated that the National Seeds Corporation produced foundation and certified seeds for the targetted acreage under high-yielding variety programme fixed by the Central Government in consultation with the State Governments. To the extent there was a short-fall in achieving the targets, the Corporation was left with surplus stocks of foundation seeds. Since seeds were subject to the phenomenon of ageing, they had to be condemned as they progressively fell below the minimum standards. The management of the

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Corporation reviewed the entire position in 1969. Since the seeds can be efficiently stored without any deterioration in quality for a period of three years in properly controlled conditions, they curtailed seed production from 1969 onwards and revalidated the seeds stored with them for sale. Rigorous quality control inspections were carried out on the stored seeds. As and when the seeds stocks with quality less than adopted by the Corporation were found, these were condemned and disposed of as other than seed. It may, therefore, be noted that the condemnation of seeds had to be done because they fell below the required quality standards. It is felt that no further investigation will be necessary as recommended by the Committee. It may be added that some of these aspects came for detailed discussion in the Lok Sabha in response to a calling-attention notice on 9-6-1971 and the Minister of State for Agriculture had then observed that the National Seeds Corporation should not be held responsible for the surplus stocks because they acted only as agent of the Government of India and produced foundation and certified seeds for the targetted acreage settled by the Central Government in consultation with State Governments. The position was also explained by Minister for Agriculture in a calling-attention notice in the Rajya Sabha on 29-8-73 regarding the reported destruction of wheat seed worth Rs. 1.00 crore by the National Seeds Corporation. With the implementation of the National Seeds Programme, the system of seed production through contract growers will be completely eliminated.

[Ministry of Agriculture and Irrigation, Department of Agriculture, U.O. No. 1-7/75-SD dated the Feb. 1976]

Comments of the Committee

Please see paragraph 1.22 of Chapter I of the Report.

Recommendation (Serial Nos. 50 and 51 Paras 8.11 and 8.12).

The Committee note that no Standard Cost has been fixed in respect of farms produce although the Corporation stated that price of both foundation and certified seeds were reviewed periodically and efforts were made to reduce the cost of production and also to keep the selling and distribution expenses to the minimum. The Secretary, Department of Agriculture, however, admitted during evidence that "the price charged by the NSC are at present almost the highest in the country or equal to the highest...."

The Committee regret to note that, in spite of this, the Ministry had not so far examined in detail the pricing structure adopted by

the Corporation in respect of foundation and certified seeds and the Corporation themselves arrived at a decision about the Pricing Policy. The Committee were informed that the Ministry have undertaken review of the costing of the different operations of N.S.C. The Secretary of the Ministry also stated during evidence that "the Pricing Policy of organisations like N.S.C. would certainly need to be reviewed not only now but more or less continuously and quite frequently". The Committee recommend that the Ministry should complete their review of the pricing after going into all the elements of cost to effect suitable economies to keep the costs as low possible and decide of the pricing policy to be adopted in respect of foundation and certified seeds of N.S.C. so that seeds may be available to the farmers at most economic prices.

The Committee also recommend that as admitted by the Secretary of the Ministry, Government should ensure that the Pricing Policy of the organisations like N.S.C. should be kept under continuous review so as to have a check on the Prices charged from the farmers.

Reply of the Government

A review of the pricing policy of seeds produced by N.S.C. was undertaken in the meeting held for evaluating the performance of the NSC/SFCI under the chairmanship of Secretary (Agriculture). As a result of this review, N.S.C. has announced reduction in the prices of seeds. A statement showing the actual prices charged during the 1975-76 in comparison to prices prevailing during the 1974-75 as in Appendix III.

A Committee under the Chairmanship of Joint Secretary (Inputs) in the Department of Agriculture with Agricultural Commissioner, Chief (Agriculture), Planning Commission, Chairman of N.S.C./SFCI and Managing Directors of N.S.C. as members has been set up to review the pricing policy of the Corporation from time to time. A copy of the Office Memorandum is enclosed, see (Appendix IV).

[Ministry of Agriculture and Irrigation (Deptt. of Agri)

U.O. No. 1-7/75-SD dated January, 1976]

Comments of the Committee

Please see paragraph 1—28 of Chapter I of the Report.

Recommendation (Serial Nos. 75 and 76—Paragraphs 12.25—12.28)

The Committee note that the staff strength of the Corporation has increased from 365 as on 31st May, 1968 to 1095 as on 31st May,

1974 and the number of non-technical staff was always higher than the technical except in 1970 and 1973 when the ratio of technical to non-technical staff was almost 1:1. Although the Committee on Public Undertakings in their 15 Report (4th Lok Sabha 1968) expressed the view that the assessment of staff in Public Undertakings was generally on the high side and suggested that the assessment should be made by specialised agencies, the Corporation had not taken any action to make an independent assessment of the staff requirements of the Corporation. It was only in July, 1971 that the Staff Inspection Unit had completed their study of the Head Office of the Corporation and declared 60 posts surplus as compared to the budgetted strength and 39 as compared to the then existing strength. According to the Corporation the implementation of the recommendations of Staff Inspection Unit would have resulted in reduction of expenditure in the Headquarters to the extent of over Rs. 2 lakhs per annum. The Committee are informed that the Board of Directors decided that the staff declared surplus should not be retrenched but absorbed against vacancies at the Headquarters and regional units on account of increase in production and marketing activities.

The Committee are also informed that ambitious plans for production of seeds were drawn at initial stages and staff recruited in accordance with the estimated requirements for that level of production and as production targets could not be achieved, the proportionate staff with reference to turnover turned out to be on the high side. Moreover some of the staff recruited was also engaged in certification work which was not reflected in the turnover figures, and the certification work had also been continuously declining consequent on taking up this work by some of the State Governments. The Ministry have admitted that Government had not gone into reasons for engagement of excess staff initially.

From the for going, the Committee are led to conclude that the staff in Headquarters had been recruited much in excess of requirements on the basis of unrealistic targets of production with the result that the Corporation had to carry on the surplus throwing an additional burden on the finances of the Corporation to the extent of more than Rs. 2 lakhs per annum.

The Committee are also informed that in regard to the regional offices the assessment of staff was done by a Committee constituted by the Management and according to the report submitted by that Committee in April, 1974 the number of posts already sanctioned in regional offices were much below the requirements and additional

posts were necessary. This report is still stated to be under the consideration of the Corporation. The Committee thus find that while there are extra staff in the Headquarters according to the assessment by the Staff Inspection Unit, the regional offices are stated to be short of staff. The Committee, therefore, recommend that it is time that Government should take stock of the programme of the Corporation and the role expected of it and make an objective assessment of the staff requirements both at the Headquarters and Regional Offices consistent with the role and objective assigned to the Corporation and rationalise the staff strength.

Reply of the Government

The Board of Directors at their 45th meeting held on 27th September, 1971, desired that the staff position in respect of Regional Offices/Farms may also be reviewed and reported to the Board. The Staff Assessment Committee constituted under the Chairmanship of Dr. Y. R. Mehta submitted its report in April, 1974. In the meantime the Ministry of Agriculture had started thinking in terms of the National Seed Programme under which the role of NSC would have undergone changes. The National Seeds Programme has since been formulated and accepted. In the light of the decision to take up a National Seeds Programme with the assistance of the World Bank on the role to be played by the N.S.C. in the National Seeds Programme, the staff strength at the Headquarters and Regional Offices of N.S.C. is being reviewed by the Board of Directors. At the same time State Governments have been advised to utilise the services of the experienced staff of N.S.C. to the extent possible to man the State Seed Corporations.

[Ministry of Agriculture and Irrigation, Department of
Agriculture U.O. No. 1-7/75-SD dated the Jan., 1976]

Comments of the Committee

Please see paragraph 1—40 of Chapter I of the Report.

Recommendation (Serial No. 81 Para 13.11)

The Committee recommend that a thorough investigation should be made into the whole case keeping in view the observations of the Gadgil Committee particularly the fact that the farm belonged to the wife of a Director of the Corporation.

Reply of the Government

The Chairman, NSC has already appointed enquiry officer for

thorough investigation into the matter. The result of the enquiry will be reported to the Committee in due course.

[Ministry of Agriculture and Irrigation, Department of
Agriculture U.O. No. 1-7/75-SD dated 12-1975]

Further Information called for by the Committee.

“Please state:—

- (i) Who is the Enquiry Officer to investigate the matter;
- (ii) What are the terms and references of the Enquiry; and
- (iii) Period by which the report is expected?

[Lok Sabha Sectt. O.M. No. 18-PU/75 dated 14-1-76]

Further Reply of Government

(i) Shri K. C. Aggarwal, Administrative Officer was deputed to investigate the matter.

(ii) As per recommendations of the Committee on Public Undertakings, the whole case was required to be thoroughly investigated keeping in view the observations of Gadgil Committee particularly, the fact that the farm belong to the wife of a director of the Corporation.

As per observations of the Gadgil Committee the points requiring investigations were:—

- (a) Area of seed production, inspection and rejection, if any.
- (b) Total quantity of seed procured and the average yield per acre.
- (c) Whether, it was unwise procurement from vested interests.

(iii) The report has already been submitted by Shri Aggarwal on 2nd December, 1975 and is under the consideration of the Management.

[vide Ministry of Agriculture and Irrigation, Deptt. of
Agriculture, O.M. No. F-1/7/75-SD dated 23-1-76]

Comments of the Committee

Please see paragraph 1.50 of Chapter I of the Report.

NEW DELHI;

April 23, 1976

Vaisakha 3, 1898 (S).

NAWAL KISHORE SHARMA,
Chairman,
Committee on Public Undertakings.

APPENDIX I

[*vide* Reply to Recommendation Serial No. 16]

NATIONAL SEEDS CORPORATION LIMITED

(A Government of India Undertaking)

4-E, Jhandewalan Extension, Rani Jhansi Road, New Delhi-110055
No. 3(5)/74-CS/NSC dated 27th August, 1975

OFFICE ORDER

An Enquiry Committee consisting of Shri S. Narayanan, Chief Administrative Officer and Shri U. P. Mathur, Company Secretary is hereby constituted for investigation and for fixing responsibility in respect of the recommendations made in paragraphs 2.43, 2.60, 2.103, 3.24, 3.34 and 11.47 in the report of Committee on Public Undertakings (1974-75) on NSC.

2. Production Division/Purchase Section will assist the Committee in its deliberations and produce the necessary record and papers before the Committee.

3. The Enquiry report be submitted on or before 30th September, 1975.

Sd./- N. S. MAINI,
Managing Director.

- c.c.: Shri S. Narayanan, CAO
- c.c.: Shri U. P. Mathur, C.S.
- c.c.: CPD/M(FS&F)/AAO(Purchase)
- c.c.: P. S. to Chairman

APPENDIX II

[vide Reply to Recommendation at Serial No. 25]

Enquiry report by the Enquiry Committee in respect of Para No. 3.24(Sl. No. 25) of the 66th report of the Committee on Public Undertakings (1974-75) on National Seeds Corpn. Limited.

Terms of Enquiry:

While dealing with the Yamuna Nagar farm of N.S.C. the Committee on Public Undertakings have made the following observations:—

- “3.20. On 2nd June, 1969, the Chairman, NSC requested the then Minister for Railways to make available to the Corporation a site at Yamuna Nagar either on outright sale or 10—12 years lease for establishing foundation seed farm of NSC. The Railways (on 23-6-1969) expressed their inability either to sell the land to the Corporation or to give it on long lease basis for the aforesaid period. It was, however, suggested by Railways that this could be given on two years lease to NSC. On 27-10-1969, a joint meeting was held between the Divisional Engineer, Northern Railway and representative of the Corporation and it was indicated in that meeting that the licence would be for a period of two years and extension beyond that would have to be considered on its own merits by the Railways. Even when approached again on 19-11-69, the Railways reiterated the same terms and conditions referred to above. They did not agree to the grant of automatic extension after that period.
- 3.21. The Corporation took possession of this land on 11-6-70. The Corporation required this farm specially for growing seed Potato, but as most of the area was low lying, it was not possible to grow Potatoes on a large area. Due to the short duration of lease for two years, it was not possible for Corporation to invest heavily on land development work. Drainage posed a major problem in cultivating this farm.

The matter was considered in detail in April, 1972, and it was decided that the Corporation should not take this farm for another two years. As per agreement, the lease was terminated on 1972.

- 3.22. Asked whether in the opinion of the Ministry, setting a farm on a land taken on lease only for two years was economical, the Ministry stated in a reply after evidence that "the Ministry agree that the entire proposal of taking land for a period of two years was inadvisable."

It was also stated that the Corporation knew that the land had been reserved for railway colony at the time the farm was set up.

- 3.23. When asked about the loss suffered by the Corporation as a result of the closure of the farm it was stated that the Corporation had suffered a total loss of Rs. 46,477/- in the two years in which this farm was operated.

- 3.24. The Committee regret to note that even though the facts that the land for Yamuna Nagar farm was available only for a period of two years and that the land was reserved for Railway Colony, were known to the Corporation, the Corporation selected the land for establishment of this farm. Even after selection, the Committee find that the Corporation could not use the farm for growing seeds of Potatoes for which it was intended as most of the area was low lying with the result that the Corporation suffered a loss of Rs. 46,477/-. As admitted by the Ministry, the entire proposal of taking land for a period of two years was inadvisable. The Committee are not happy about the unwise action on the part of the Corporation in having taken up this unsuitable land without going into the economics of the short term lease which resulted in a loss of Rs. 46,477/-. The Committee would like that the entire matter may be investigated and responsibility for selection of an unsuitable land by the Corporation fixed."

The present enquiry was directed by the Managing Director NSC, for investigation and for fixing responsibility in respect of the aforesaid recommendation in paragraph No. 3.24.

2. Facts of the Case:

On a review of the concerned file No. Pot./XXV/68-NSC, maintained at the Headquarters of the Corporation, it is noticed that the

Corporation was examining the possibilities of taking the land for setting up a farm for multiplication of pre-release varieties of Potato and organising foundation seed production on a sound footing. The Director, Central Potato Research Institute, Simla, made a proposal in respect of an area in village Zarifabad on Karnal-Kaithal road and Shamghar on Karnal-Ambala road. The Seed Production Officer (Potato) was deputed to inspect sites and he submitted his report on 17-2-69. It was decided to take up the matter with the Government of Haryana for taking over of Shamghar Agricultural Farm in the district of Karnal, and a letter was accordingly addressed to the Director of Agriculture, Haryana, Chandigarh, on 21-3-1969. Ultimately, the said farm was found to be not available.

In the meantime, MD, in his tour report for the period 17-12-68 to 22-12-68, mentioned about the efforts being made by Regional Manager, Chandigarh, in contacting the railway authorities for obtaining land from railways. Chairman, *vide* his minutes dated 9-4-1969, desired that the proposal to secure land at Yamunanagar should be pursued vigorously.

It was decided to inspect the Yamuna Nagar land belonging to the Railways, having an area of 219 acres. The inspection of the site was made by the Seed Production Officer (Potato), Shri S. S. Bal, on 28-4-1969. The said report dated 30-4-1969, is very comprehensive and findings of the inspecting officer may be summarised as under:—

General Observations:

- (a) The land is composed of one compact block flanked by main railway line and touches the new residential colony on the eastern side. Rest of the farm is surrounded by stretches of private land;
- (b) Most of the land is covered by irrigation, if private tube-wells are taken into account;
- (c) The sub-soil water is about 20 ft. deep and was claimed good for irrigation purposes;
- (d) The soil type of land is generally sandy, but there are patches of heavy soil;
- (e) From local enquiries, it was clear that even the heavy fields were not water logged or of the type which were more suitable for paddy cultivation. In fact, this crop is not included in the usual rotation;
- (f) There is a passage for traffic of the people and cattle within the area of land;

- (g) Since the land is near a residential area, the possibility of pilferage and sanitation in seed fields requires to be examined;
- (h) For proper watch and ward, it would require fencing of the farm;
- (i) The lease for two years will prevent NSC from making any major development and hence the productivity will be limited;
- (j) It could be concluded that, in general, the land may not be suitable for Potato cultivation, but with the addition of organic matter and better management, it can be easily adopted for Potato Production;
- (k) The local evidence showed that there is no flood problem in the area;
- (l) Some attention might be necessary towards improvement in drainage, so that the fields which appear to be heavier type will not pose any problem for land management;
- (m) The land does not appear to be affected by salinity and hence should be suitable for a variety of crops;
- (n) For Potatoes, Yamuna Nagar should be rated as No. 2, compared to Jullundur. The crop may be more affected by late blight in this area whenever the disease appears in severe crop;
- (o) It should be possible to bring about 160—170 acres under crops, as some land will be lost due to village roads and patches of waste land;
- (p) In case the railway authorities are willing to give the land on long lease (at least 10 years), NSC may go ahead with the setting up of foundation seed farm keeping in view the Potato seed production as preliminary aim;
- (q) The calculations show that on the basis of cost structure and price pattern at the relevant time, it was possible to operate at a net profit of Rs. 1,000/- per acre with good management practices.

The aforesaid report by SPO (Potato), Hqrs., was endorsed by Dy. General Manager (Prodn.), who remarked that the land is potentially good, but unless taken on long lease, it would be difficult to invest money. On the suggestion of MD, Chairman addressed a D.O. letter to the Minister for Railways on 2nd June, 1969, for giving the said railway land on long lease for 10—12 years to make necessary investment in the land and to make it fit for raising

foundation seed production of Potatoes. The Minister for Railways, *vide* his D.O. letter dt. 23-7-69, advised that the land in question was acquired by the Railways for the future expansion of the Jagadhri workshop and provision for more staff quarters and as such it would not be possible either to sell this land or to give it to NSC on long lease. He also suggested that in case NSC is interested in a two year lease term, the Corporation may contact the General Manager, Northern Railway, for the terms thereof. On the said D.O. letter of Railway Minister, the Chairman in his minutes dated 25-7-1969, observed as under:—

“I feel we should take possession of the land in the first instance. There may not be a need for expansion of workshop for sometime to come.”

It is also noticed from the said letter that on 29-7-69 Dr. Y. R. Mehta, Dy. General Manager (Prodn.), had made the following remarks:

“We are not in favour of two years lease as it won't serve our purpose.”

As directed by Chairman, *vide* his aforesaid minutes dt. 25-7-69, further action was taken to take the Railway land at Yamuna Nagar for two years after the terms were known and found to be suitable. Meetings were subsequently arranged and communications addressed to the Railway authorities from time to time. In the discussions, it was decided that either land can be taken on out-right lease basis at Rs. 60,000 for two years or the land be taken on lease in auction. It was decided to bid in the auction up to a bid of Rs. 60,000. PM, Chandigarh, attended the auction on 30th September, 1969 and he reported that neither the time for giving actual possession of land was clear nor the railway authorities were prepared to auction the land in one lot. He lodged a protest with the railway official at Jagadhri and offered him the lease money of Rs. 70,000/- for the entire lot on the condition that the land was given for two clear agricultural years. The matter was later discussed with the railway authorities at Delhi and the Divisional Engineer of Railways at Delhi, agreed to hand over the possession of the land *w.e.f.* 1-6-70, for a period of two years, on payment of licence fee offered by NSC at Rs. 70,000/- on or before 16th May, 1970. It was also agreed by the Railways that the licence initially was for a period of two years and extension beyond that period will have to be considered on merits. The proposal, in principle, was agreed to by the then FC, Shri Raghubir, MD, Shri G. C. N. Chahal

and Shri Shah Nawaz Khan, Chairman, to take the land on lease and the economics of the proposal was examined in detail. It was decided not to make heavy investment and to engage minimum staff. In this connection, the remarks of the Chairman dated 21-3-70, are reproduced below.

“Although the Railways have not made any firm commitment regarding the renewal of the lease after two years, we may safely presume that the lease would be renewed until such time as the land is required by the Railways for their own use. This is not likely for quite some time. I would, therefore, advise that we should go ahead on this presumption and make adequate arrangements for farm machinery, wire fencing and temporary sheds.

I hope for these tubewells, etc., we would be called upon to pay depreciated value.”

The land in question, was taken over in the afternoon of 31st May, 1970 and sanction of the management was conveyed to the Regional Manager, Chandigarh, for the purchase of necessary equipment well in time before the land was taken over by NSC.

3. Findings:

On a close examination of the relevant file, dealing with the purchase of Yamuna Nagar land, we find that the decision to take the land was taken at the highest level, after free exchange of views expressed about the merits and demerits of the proposal, from time to time. It appears that no other land was available at the relevant time and the management had no option except to go in for this piece of land. It is felt that the decision taken by the Management was based on the conditions prevailing at the relevant time and was *bona fide* in the interest of the Corporation. It is, therefore, difficult to fix responsibility on anyone for selection of the land by the Corporation.

(U. P. MATHUR)
Company Secretary.

S. NARAYANAN,
Chief Admn. Officer.

New Delhi;

Dated : 15-10-1975.

Enquiry report by the Enquiry Committee in respect of para. 3.34 of the recommendations of the Committee On Public Undertakings (1974-75) on N.S.C.

1. *Terms of Enquiry.*

While dealing with the existing farms of the National Seeds Corporation Ltd., the Committee On Public Undertakings have made the following observations.—

- 3.34. "The Committee note that the Corporation had occupied 746 acres of land in the first instance in the South Block of Hempur (UP) in 1964 after the inspection, but later after some work was done on its development and it was cultivated for two seasons, the Corporation found that there was drainage problem and gave up that farm in exchange for another farm of 1008 acres in the north block. The Committee cannot but conclude that the inspection made before occupying the farm in the south block was perfunctory as otherwise the problem in the area would have been detected before occupation of the farm and much of the expenditure on its development would have been avoided. The Committee therefore, commend that this matter should be thoroughly investigated and responsibility for the lapses fixed. The Committee hope that such mistakes will not occur in future and the Corporation will ensure that farms or lands, including those which might be offered by SFCI, will be selected with the due care and after thorough inspection so that scarce resources and precious time are not wasted on lands not suitable for seed production."

The present enquiry was directed by the Managing Director, NSC for investigation and for fixing responsibility in respect of the aforesaid recommendation in para. No. 3.34.

2. *Facts of the Case*

On a review of file No. 1(1)/63-NSC as also the decisions taken by the Board of Directors of the NSC, from time to time, it is observed that in the 2nd Board meeting held on 18th June, 1963, the Chairman, NSC (Shri A. D. Pandit, Special Secretary, Ministry of Agriculture) mentioned that he had addressed to the Chief Secretary of U.P. Government for a suitable farm at Lakhimpur Kheri District for production of foundation seed of Jute. Dr. G. V. Chalam, Dy. Agril. Commissioner and later, General Manager of NSC, followed up the said reference made by the Chairman, NSC and submitted his report regarding discussions with the officials of the Government of U.P. for going in for Hempur farm under the charge of

General Manager, Mechanized Farms for Agriculture and Live-stock, U.P. The relevant extracts of his note dated 9th July, 1973, submitted to Chairman NSC are reproduced below:—

“When I returned to Lucknow, I discussed this matter with the General Manager of Mechanized Farms for Agriculture and Live-stock. He suggested another alternative. At Hempur, near Kashipur, about 5-6 miles from Kashipur, the U.P. Government have got mechanized agriculture and live-stock farm of five thousand acres. He suggested that if the land of the farm is suitable to N.S.C., we will be willing to give about five hundred acres from the south block of the farm. After returning to Delhi, I again proceeded to Hempur. Hempur is about six miles from Kashipur. There is also meter-gauge railway running along the farm. The railway station is located at Goshala. In fact the boundary of the farm touches the Goshala plat-form and the railway line runs along the farm. The farm is like Terai farm of Pantnagar, U.P. Agricultural University. The farm is divided in three blocks as North-block, Central Block and South block. The total area under each of these blocks and the area under cultivation are given below:—

North Block.—Total area 2180 acres. Area under cultivation 1181 acres. Area under forests and buildings 999 acres. This block is situated just adjoining to the Goshala Railway Station.

Central Block.—Total area 1080.50 acres. Area under cultivation is 890.5 acres. Area under forests and buildings 70 acres. Area under river-bed 128 acres. This is very much prized block and there is no possibility of their sparing any land from this block.

South Block.—From this block, General Manager has offered 500 acres. Total area is 1440 acres. Area under cultivation 918.5 acres. Area under buildings 100 acres. Area under forests 300 acres. Area under river-bed 122 acres.

This block consists of two types of land. The up-land and the low-land. There is a small canal running along the up-land. The area under the low-land is irrigated by the water of the drain from the up-lands. The low-lands are cultivated for paddy and sugarcane.

I have selected the up-land area which has no canal etc., and is in four rows i.e., A.B.C.D., comprising of about 487 acres. If this

land is given, the necessary steps will be taken to grow both maize foundation and jute as isolations in between jowar and all other seeds also. In Rabi, it can also be utilized for berseem and other vegetable seeds like peas, tomatos etc. Communication are not quite good.

As an alternative suggestion, I also suggest that we may take up 432 acres of the four rows, i.e., A.B.C.D. comprising of contiguous area in the north block. This is also an excellent area adjoining to the railway station and we can grow all kinds of seeds which we require under the National Seeds Corporation.

Regarding the suitability of growing jute seed in these farms, I discussed with Shri Lakshmi Prakash, the Jute Seed Development Officer of U.P. He told me that as far as for seed production this area is much better situated than Lakhimpur proper. The average yield of Jute seed in Lakhimpur is only 4 to 5 maunds whereas the yield in Terai Farm is between six to seven maunds. During the current year, the U.P. Agricultural University has 182 acres under the Jute seed.

Now, if the I.J.M.A. wants about four thousand maunds of Jute seed, without depending upon any grower at all, we can grow this in the Hempur Agril. Farm and the U.P. Agricultural University. Similarly, regarding the maize foundation seed, there is a specific advantage of having 5 thousand acres farm, if the necessity arises, we can exchange our plots with the mechanised farms and take lots for isolation purposes without any trouble. This gives us advantage. The land is well levelled. The drainage facilities are much better than of the Terai area of the U.P. Agricultural University. The General Manager of the Mechanised farms informed that there is trouble of malaria and wild animals. In my enquiries, at Hempur, I found that there is no foundation for these fears.

From the communication point of view, it is excellent, We can, within four hours, reach the farm from Delhi and within one hour, the U.P. Agricultural University which is about 30 miles, where we have large area under the double-cross seed production. So, whenever necessity comes, the movement of machinery and equipment also becomes quite easy. Irrigation by the existing canals are not adequate. Recently, they have hired a tubewell which costs about 15 thousand rupees and it is now giving a discharge of about 30,000 gallons. It is 250 feet deep and with 8" bore. Hence, if we are to get this farm, we can establish one foundation unit immediately there for all the seeds. Mr. Bhatnagar, Dy. Secretary, requested me to have a look at this farm also and then finally make up our minds and send the proposals.

Hence, I requested Chairman, NSC, to consider all these points and give the necessary orders."

Chairman, NSC, suggested *vide* his note dated 11th July, 1963, that the proposal may be shown to the Technical Directors of the Corporation, Agricultural Commissioner, Deputy Agricultural Commissioner and Director of IARI and if they concur, NSC may go ahead with the requisition of about 500 acres in Hempur farm by January, 1964, so that seed production could be started in Kharif 1964. On the basis of the particulars furnished in the note of Dr. Chalam, the proposal was approved by Shri B. P. Pal, Director, IARI, Dr. S.M. Sikka, Addl. Agril. Commissioner (Crops), ICAR and Dr. J. J. Patel, Agril. Commissioner, ICAR. On further examination, Shri Prem Narain, FA, NSC, *vide* his note dated 16th August, 1963, suggested that he would prefer the North Zone to the South portion of the farm and suggested for agreeing to a normal lease. D.O. letter was accordingly issued on 17th August, 1963, under the signatures of Shri A.D. Pandit, Special Secretary, and Chairman, NSC, to the Government of U.P., requesting for the transfer of about 500 acres of land at Hempur farm, preferably in the South block. Discussions in this regard, were also held in the 3rd Board meeting held on 31st August, 1963. Mention has been made in the official file about the discussions held by Secretary, ICAR and Additional Agricultural Commissioner(s) at Lucknow, with the State Agril. Minister of U.P. (in November, 1963), the question of transferring 500 acres of land at Hempur farm. During the discussions, the Minister for Agriculture was, however, of the view that the transfer could not be made on the basis of nominal lease, but he would be prepared to consider the proposal if the entire expenditure incurred by the State Government for developing the area was paid by the Government of India. The Minister was also not agreeable to transfer the area selected by the General Manager, NSC, but was prepared to give another piece of land which is not considered of the same quality. As per subsequent note dated 16th December, 1963, of General Manager, NSC, he has made a reference of his discussions with the Chairman, NSC, when he expressed his feeling that he considered it worthwhile to take either the North block or the South block, preferably the North block of the farm. He had also clarified in his note that in case the U.P. Government did not agree to give the North block as he expected to be, NSC may go in for the South block, as with the expanding activities of NSC in getting into several lines like Jute and Berseem seed production, the land could be well utilised for other purposes and the required number of isolations could also be had

without depending upon the exchange of land as it was contemplated earlier. On that note, Chairman, NSC, *vide* his minutes dated 16th December, 1963, remarked that "we should try to get the North block and U.P. Government should be told that for good seed production, we must have well drained land."

At the instance the Joint Secretary for Agriculture, of the Government of U.P., and at the suggestion of GM, NSC, it was decided by Chairman, NSC, to constitute a team for joint inspection of the farm at Hempur consisting of Dr. R. N. Mathur, Addl. Agril. Commissioner, Dr. T. R. Mehta, Director, Farm Advisory Unit, Directorate of Extension, Dr. W. H. Freeman of Rockefeller Foundation and Shri J. D. Traywick, Agril. Engineer, Specialist with Rockefeller Foundation and Dr. G. V. Chalam, General Manager, NSC, on behalf of NSC. U.P. Government was represented by the General Manager (designated as Dy. Director) Mechanized farms for Agriculture and Animal Husbandry. The Joint inspection at Hempur Farm was made on 6th January, 1964. The report of the Committee, is enclosed and marked as Annexure 'A'.

The report was submitted to the Chairman, NSC, with the following views expressed by different officers.

"An agreement has been reached between the officers of the U.P. Government and the representatives of the NSC, regarding the area to be allotted in the South Block, as it is shown in the map enclosed. But for the area of 270 acres marked in red, the rest of the area of 644.3 acres will be assigned to the NSC. This is a mutually acceptable proposal. The other details regarding the land development etc., are also furnished in the joint report. Further, there is another advantage in this farm that we can get the required isolation anywhere in the 3000 acre farm, as the officers of the U.P. Government are agreeable to spare one or two plots on exchange basis whenever needed. On the basis of this, we have to start negotiations regarding the transfer of the land." (GM., NSC).

"F.A. desired that a statement of the financial implications of the acquisition on lease or otherwise of the Hempur farm may be worked out. Accordingly Shri Gill is being requested to prepare a statement of expected revenues and expenditure on this farm more or less on the lines on which we worked out the same for Kurnool Farm. Of

course, the expenditure will in part depend on the terms and conditions at which this farm is transferred to us." (Secy. & CAO).

"Chairman may kindly see the technical report at slip 'y' below, for the Hempur Farm. I do not think a commitment can be made for taking over the area suggested in the absence of a proper financial picture. Apart from the land development measures that may have to be undertaken, there will be other items of capital expenditure. At this stage all that should be done is an enquiry of the items and conditions on which the state would give the farm.

According to the recommendation of the Committee the land to be taken would be in two compartments, 390 acres as high land and 254 acres as low land. Only the high land would be suitable for hybrid maize seed, the low land lying for jute seed. It has to be considered whether these would be economic units.

It is difficult for me to say that the block selected is suitable from all points of view. Chairman had suggested his preference for the North block." (F.A. & NSC).

The file was submitted to Chairman, NSC and he directed to issue a letter to the U.P. Government. As per draft approved, the letter was issued to the Government of U.P. on the 10th February, 1964, under the signatures of GM, NSC, wherein a mention was made about the joint inspection and agreement between the parties and that the land up to 644.3 acres in the South block of Hempur farm be made available for transfer. It was also stated that NSC would only take the cultivated land, as shown in the map. The Government of U.P. was also requested to indicate the terms and conditions for the transfer of land. This was followed up by a D.O. letter by the Union Minister for Agriculture to the State Minister for Agriculture, U.P. on 29th February, 1964, wherein request was made for handing over possession of the land in question, on the basis of the joint inspection made on 6th January, 1964. There is also a tour report on the file for the period 19th to 21st March, 1964 of Shri Jagbir Singh, ASPO, NSC, suggesting that "the land of the South block in Hempur Farm

is suitable for Maize and Jute cultivation, but the damage from animal and birds is always apprehended. The South part of the South block is low-lying which covers an area of about 250 acres."

Mention has also been made in the report about the prevailing rates of land in the area.

The matter regarding transfer of land was further followed up by General Manager, NSC and D.O. reminder by Chairman, NSC. The Agriculture Minister of UP informed conveying the agreement of the Government of U.P. for making available a total area of 746 acres comprising of 648 acres of cultivated land and 98 acres under buildings, roads, channels etc., at the Hempur farm. Subsequent notes made on the file relate to the terms and conditions of the lease and for financial concurrence when FA, NSC, agreed to the proposal vide his note dated 7th April, 1964, on the understanding that Rs. 40 per acre would be an all inclusive charge. The proposal was also finally approved on that day by Chairman, NSC, and Special Secretary, Ministry of Agriculture, and desired that U.P. Government be informed and requested to hand over possession of the land to NSC, immediately. The letter, agreeing to the proposal was sent to the Government of U.P. on 8th April, 1964, under the signatures of Secretary and CAO, NSC, after the draft was duly approved by the Secretary, ICAR and also seen by FA, NSC. In the said letter, NSC agreed to take over 746 acres of land in the South block at Hempur on certain terms and conditions relating to the period of lease, annual rent etc. Subsequent notes deal with the manner for settlement of terms and conditions of lease and for payment of charges to the Government of U.P.

The South block of the farm was ultimately taken over in May, 1964. The progress made at the foundation seed units at Hempur was reviewed, in the Eighth Board Meeting held on 29th June, 1964

3. Findings of the Committee

On a close examination of the notes and correspondence exchanged at different levels, it is noticed that reservations were expressed by different officers in respect of the South block of the Hempur Farm and the said area of the land had to be taken up by NSC as other areas of land were not made available by the Government of Uttar Pradesh. The drainage problem in the South block was already known and apparently, North block was preferred by NSC for

taking over and it appears that after great deal of deliberations held at the higher levels, it was decided to take up the South block of the farm, with the attended risks. After gaining experience of the working of the farm and since the land was found unsuitable, about 1000 acres of land in the North block were taken on lease in May, 1965, in exchange for 746 acres acquired in May, 1964, in the South block. It is also noticed that the matter regarding taking on lease the Hempur farm has been discussed by the Board of Directors of the National Seeds Corporation Ltd., from time to time and it is felt that the decision was taken, having regard to the facts and circumstances of the case prevailing at the relevant time. It is, therefore, difficult to fix responsibility on anyone for occupying the area in the South block at Hempur in the year 1964.

Sd/-.

(U. P. MATHUR)
Company Secretary.
New Delhi.

Sd./-.

(S. NARAPANAN),
Chief Administrative Officer

15th October, 1975.

Report

The Committee consisting of Dr. R. N. Mathur, Dr. T. R. Mehta and Dr. Freeman visited Hempur on 6th January, 1964. Dr. G. V. Chalam, General Manager, National Seeds Corporation, and Mr. J. D. Traywick, the Agricultural Engineer Specialist of the Rockefeller Foundation also accompanied the team. The U.P. Government was represented by the General Manager (now designated as Deputy Director) of the Mechanised Farms for Agriculture and Animal Husbandry. Preliminary discussions took place between the members of the team and the representatives of the U.P. Government. The representatives of the U.P. Government stated that on their part they are prepared to offer some selected portions in the Hempur Farm to the National Seeds Corporation if the same are suitable for the purpose. Such selected areas consist of some cultivated area and also the undeveloped forest and banjar areas. According to them, in the North Block they are prepared to give some portion, which consists of a portion of the forest and forest banjar and some cultivated land, out of which the cultivated land is to the extent of about 400 acres. They are not prepared to give any land in the Central Block, as it happens to be their main block and there is an orchard also.

Regarding the South Block, originally they were prepared to spare an area of about 400 acres up to the mound where the quarters are located. Subsequently, the General Manger National Seeds Corporation has expressed that in view of the expansion of the programme of the National Seeds Corporation, they would like to have the entire south block. The members of the team went around the South Block and consider that with some changes in layout and provision of proper drainage etc., the block is suitable for the production of the seed of both the species of jute, hybrid maize and other vegetable seeds also. But the representatives of the U. P. Government have expressed that they are not prepared to give the entire block. Out of this, the first two rows from the partition road between the central and south blocks comprising of 270.3 acres will be retained by them and the remaining cultivated area of 644.3 acres will be given to the National Seeds Corporation. This includes the mound consisting of the quarters, buildings and tubewell etc. They also suggested that the National Seeds Corporation should take over the 300 acres of Forest banjar and pasture land. This is not acceptable and the state representatives agreed not to insist. The National Seeds Corporation will thus have 390.5 acres of the high land and 253.8 acres of low land for seed production. The representatives of U.P. have agree to leave out the forest and banjar pasture form the allocation of the land to the National Seeds Corporation. In addition the areas under roads and channels and the area under river bed and nullah which needs to be surveyed, has to be taken over by the National Seeds Corporation.

The details of the land constituting the South Block is given below:—

	Acres
Total area of block	1440.5
Area under cultivation	918.5
Area under roads & channels	100.00
Forest, banjar & pasture	300.00
Area under river bed & nullah	122.00

The members of the team consider that some land development would be required if the area is taken over by the National Seeds Corporation.

- (1) Drainage channels need to be developed both in the high land and the low land and joined to the existing nullahs.
- (2) Road communications, wherever necessary, need to be developed in the area taken over.
- (3) Some irrigation channels from the existing Manipur canal are to be developed for the purpose.
- (4) At least tubewells are to be sunk in the high land area for irrigation purposes. The chances of getting artisan tubewells in the locality are considered to be very good. With the present rainfall of nearly 60 per cent at Kashi-pur, irrigation may not be a very big problem during the Kharif season.
- (5) Electric power may have to be brought from the main road to the South Block. This has to be negotiated with the U.P. Electricity Board.
- (6) The Farm authorities are agreeable to exchange plots whenever necessary to meet the isolation requirements in growing the different single crosses and the inbreds etc.

Since the National Seeds Corporation will be getting ready made quarters and godowns (enclosure I) immediately, it may be easier to start the work in this block as soon as the land is handed over to the National Seeds Corporation. The portion of the map enclosed in the red line indicate the area that will be retained by the U.P. Government. The plot numbers and the area that the State representative is willing to hand over to the National Seeds Corporation are given in enclosure—II.

Sd./- DR. R. N. MATHUR,

Sd./- DR. T. R. MEHTA,

Sd./- DR. W. H. FREEMAN.

APPENDIX III

(Vide Reply to Recommendation at Serial Nos. 50 and 51)

ANNEXURE—IV

Statement showing the Sale Prices of Maize, Sorghum, Bajra, Wheat and Paddy certified Seeds during 1974-75 and 1975-76 N.S.C.

(Rate per Qtl.)

S.No.	Crop/Variety	Sale Price during 1974-75	Sale Price during 1975-76	Approx. percentage of reduction
1	2	3	4	5
1.	HY. MAIZE (All varieties)			Percentage
				7.60
2.	Composite Maize			17.40
				8.75
3.	Sorghum (Hybrid) CSH-1			9.04
	Sorghum (Hybrid) CSH-2			9.04
	Sorghum (Hybrid) CSH-4			9.04
	Sorghum (Hybrid) CSH-5			9.04
	Composite Sorghum: (S-143), IS-302 & IS-604			17.71
4.	BAJRA (All varieties)			9.04

1	2	3	4	5
5. WHEAT (All varieties)	. . . . .	330	275 (in North zone) 290 (in other zone)	17.06 9.37
6. PADDY				
(a) <i>Coarse & Mid. Coarse varieties</i>				
(IR-Jaya, Pusa 2-21, Balu, Cuavuary and others)	. . . . . Padma, Pakanji, Kanchi	265	190	28.30
(b) <i>Fine & Mid. Fine varieties</i>				
[Ratna, Sona (IET-1991), IR-20 Jagannath, and others]	Vijay, Paralan-579	285	230	26.31

Statement showing, the sale prices of Maize Sorghum Bajra, Wheat and Paddy certified Seeds T.D.C. etc.

1974-75

Crop/Variety	Retail price per quintal		(in Rs.)
	Zone 'A'	Zone 'B'	Zone 'C'
Paddy :			
(a) Coarse Variety	220	240	..
(b) Fine Variety]	250	270	..
Maize	425	445	..
Soyabean	425	445	..
Bhindi	800	820	..
Cowpeas, Moong, Urd and Arhar	600	620	..
Sweet Sorghum	400	420	
Bajra	800	820	
Sunflower	600	620	..

1975-76

Crop/Variety	Retail price per quintal (in Rs.)		
	Zone 'A'	Zone 'B'	Zone 'C'
Paddy			
(a) Coarse Variety	180	190	200
(b) Fine Variety	200	210	220
Wheat	265	290	300
Maize	400	425	435
Soyabean	320	340	350
Bhindi	770	790	800
Cowpeas, Moong, Urd, Arhar	400	420	430
Sweet Sorghum	300	320	330
Bajra	970	990	1000
Sunflower	470	490	500

APPENDIX IV

(Vide Reply to Recommendation at Serial Nos. 50 & 51)

No. 1-4/75-SD

GOVERNMENT OF INDIA

MINISTRY OF AGRICULTURE & IRRIGATION

(DEPARTMENT OF AGRICULTURE)

New Delhi, dated the

OFFICE MEMORANDUM

The pricing of certified seeds being marketed by agencies like National Seeds Corporation and State Farms Corporation of India has invited adverse comments on the ground that the prices of seeds especially those of self pollinated crops are generally very high. However, the National Seeds Corporation has been constantly reviewing the pricing of certified seeds in the light of the expenses incurred in production, processing and marketing of seeds.

2. The Government of India have decided that the pricing policy should be gone into depth and is therefore pleased to constitute a Committee to prepare a paper on Seed pricing policy. The composition of the Committee will be as under:—

1. Miss Anna George, Joint Secretary, Department of Agriculture.
2. Dr. D. P. Singh, Chairman, National Seeds Corporation/State Farms Corporation of India.
3. Dr. G. S. Kalkat, Agricultural Commissioner, Department of Agriculture.
4. Shri U. S. Kang, Chief Agriculture, Planning Commission.
5. Shri N. S. Maini, Managing Director, National Seeds Corporation.

3. The Committee may co-opt such other officers as may be concerned.

4. The committee should submit its report within a period of three months.

Sd/- K. RAJAN,

Deputy Secretary to the Government of India.

1. All members of the Committee on Seed Pricing Policy.
2. Company Secretary, National Seeds Corporation, New Delhi.
3. Farm Section.
4. Director, B.P.E., Mayur Bhawan, New Delhi.
5. Shri R. M. Bhargav, Director, Internal Finance.
6. P.S. to Secretary (A).

APPENDIX V

(Vide Reply to Recommendation at Serial Nos. 71 & 72)

NATIONAL SEEDS CORPORATION LIMITED

(A Government of India Undertaking)

4-E, Jhandewalan Extension,
Rani Jhansi Road,
New Delhi-110055.

No. 3(5)/74-CS/NSC

Dated 27th August, 1975

OFFICE ORDER

An Enquiry Committee consisting of Shri S. Narayanan, Chief Administrative Officer and Shri U. P. Mathur, Company Secretary is hereby constituted for investigation and for fixing responsibility in respect of the recommendations made in paragraphs 2.43, 2.60, 2.103, 3.24, 3.34 and 11.47 in the report of Committee on Public Undertakings (1974-75) on NSC.

2. Production Division/Purchase Section will assist the Committee in its deliberations and produce the necessary record and papers before the Committee.

3. The Enquiry report be submitted on or before 30th September, 1975.

Sd/- N. S. MAINI,
Managing Director.

c.c.: Shri S. Narayanan, CAO

c.c.: Shri U. P. Mathur, C.E.

c.c.: CPD/M(FS&F)/AAO (Purchase)

c.c.: P.S. to Chairman.

APPENDIX VI

(Vide Reply to Recommendation at Serial No. 79)

NATIONAL SEEDS CORPORATION LIMITED

(A Government of India Undertaking)

4-E, Jhandewalan Extension,
Rani Jhansi Road,
New Delsi-110055.

No. 1(15)/75-Vig/NSC

Dated, the 26th July, 1975.

ORDER

Consequent on the recommendations of the Committee on Public Undertakings, the following cases need further investigation:—

- (1) Shortages of Seeds in stock of Bhopal Sub-Unit;
- (2) Shortages of stock at Srirampur Sub-Unit; and
- (3) Unwise procurement from vested interests (Patna Unit).

2. It is hereby ordered that the first two cases, viz., shortages of seeds in stock in Bhopal Sub-Unit and shortages of stock at Srirampur, Sub-Unit will be investigated by Shri M. V. Jayaram, A.A.O. (Pers-I) and the third case with regard to the unwise procurement from vested interests (Patna Unit) will be investigated by Shri K. C. Aggarwal, A.O. (O&M). They may please obtain relevant files of the cases entrusted to them from the Company Secretary.

3. The investigation should be completed expeditiously and report submitted within a period of one month. S/Shri Jayaram and Aggarwal may accordingly chalk out their programme and submit their report within the stipulated period.

Sd/- S. NARAYANAN,

Chief Administrative Officer.

Shri M. V. Jayarama, A.A.O. (Pers-I), National Seeds Corporation Ltd., Head Office (New Delhi)

Shri K. C. Aggarwal, A.A.O. (O&M), National Seeds Corporation Ltd., Head Office (New Delhi).

CC: Company Secretary for information and necessary action.

Sd/- Chief Administrative Officer.

APPENDIX VII

(Vide Reply to Recommendation at Serial No. 1)

NATIONAL SEEDS CORPORATION LIMITED

FINANCE DIVISION

Objectives and Obligations of National Seeds Corporation in the Light of ARC's Recommendations

Financial objectives:

- (i) To create various resources in accordance with the requirements of Companies Act.
- (ii) To advise on the economic deployment of the resources both physical and financial.
- (iii) To plough-back profits with a view to make the Corporation sound for self-financing.
- (iv) To meet the requirements of working capital out of internal resources as far as possible.
- (v) To price the products (seeds) taking into account:—
 - (a) Procurement price fixed by the Government of a particular commodity.
 - (b) incentive price to cover the expenditure on:— extra cost of foundation seed; inspection charges, roguing expenses, transportation of seed, processing losses, risk in rejection of seed crop etc.
 - (c) the prevailing market price of similar products and
 - (d) the need to ensure adequate return on capital invested/employed.
- (vi) To pay dividend on the paid up capital of the Corporation.
- (vii) To pay remuneration to employees keeping in view the wages structure/policy declared by the Government as applicable to Public Sector Undertakings and the likely implication on the cost of production/sales.

- (viii) To act as a co-ordinating and service agency for State Seeds Corporations on a fixed charge of 10 per cent of the turnover (and only 5 per cent when State Seed Corporations takes over).
- (ix) To pay to the seed growers the net amount as realisation after deducting all the relevant costs like processing, packing, storage, transport, marketing, etc. keeping 10 per cent for the NSC to cover cost of Administration, Establishment, Publicity and miscellaneous selling expenses and margining of return.

11229901 65.

APPENDIX VIII

(Vide Reply to Recommendation at Serial No. 39)

NATIONAL SEEDS CORPORATION LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

4-E, Jhandewalan Extension,

Rani Jhansi Road,

New Delhi-110055

No. 3(5)/74-CS/NSC

Dated, 17th January, 1976

OFFICE ORDER

Upto the year 1971-72, each processing plant used to maintain the proforma accounts indicating the expenditure incurred on processing and quantity of seed processed at each plant. Through this system, it was possible for the management to assess the working results of **each processing plant** and also identify the areas where economy could be effected.

From the year 1972-73, this system was, however, stopped when the Corporation switched over to the new system of procurement prices under which the processing charges were to be borne by N.S.C.

In accordance with the recommendations of the Committee on Public Undertakings, it has been decided to revert to the old practice of maintaining the accounts of expenditure and income with effect from Rabi, 1975-76 processing season. Each plant would be required to maintain the accounts relating to expenditure and the quantity of seed processed in the prescribed proforma. This proforma should be filled in on the 1st of every month and should reach the Head Office by 7th of each month.

Sd/- N. S. MAINI,

Managing Director.

Distribution:

1. All Zonal/Regional/Farm Managers.
2. Supdt. Agril. Engineer.
3. Sr. Accounts Officer.
4. P.S. to Chairman/Managing Director.
- 5. A.P.S. to FC/CPD/Chief, RD&QC.**

APPENDIX IX

(Vide Reply to Recommendation at Serial No. 52)

NATIONAL SEEDS CORPORATION LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

4-E, Jhandewalan Extension,

Rani Jhansi Road,

New Delhi-110055

IMMEDIATE

No. 5(8) | 75-76 | NSC | Mktg

Dated, the 26th Sept. 1975

CIRCULAR

SUB.—Compliance of Defence of India (Packaged Commodities) Order, 1975 regarding printing of Declaration on Packings.

The Government of India have promulgated an order on 28th July, 1975, for securing the equitable distribution and availability of pre-packed commodities at fair prices. In this connection, a copy of Govt. notification No. S.O. 389(E) dated the 28th July, 1975 issued by the Ministry of Industry & Civil Supplies (Department of Civil Supplies and Co-operation), is enclosed. The matter has also been discussed in R.M.C. during 8th to 11th September, 1975.

It has also been decided that these instructions be strictly followed by the National Seeds Corporation. NSC is already printing net weight on the bags/packets and date of packing is also mentioned on the labels and tags. The general sale price (retail price) is to be printed on each packing. NSC has to change the sale prices frequently taking into account the market trends. Printing of price on bags/packets, etc. will not be advisable. All the Regional Managers have to affix stamp on all the bags/packets. In case of any change in the prices, it should be re-stamped immediately. The declaration should be on the following lines:—

“DECLARATION REGARDING PACKING

- 1. (Name of Seed)**
- 2. Net weight when packed.....at Moisture percentage
of.....**

3. Date of packing.....
4. Sale price not to exceed.....
(exclusive of local taxes)"

It may also be ensured that latest price list is properly displayed at all NSC Sale-Counters. Similar instructions may also be given to the dealers to display the latest sale prices prominently.

The receipt of this circular may be *acknowledged*.

Sd/- D. S. RANA,

Asstt. General Manager (M).

To:

1. All R.Ms., N.S.C.
2. All O/I, Sub-units, N.S.C.
3. A.A.O. (Purchase), N.S.C.

COPY

The Gazette of India

EXTRAORDINARY

PART II—Section 3—Sub-section (ii)

PUBLISHED BY AUTHORITY

No. 274

NEW DELHI, MONDAY, JULY 28, 1975

Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF INDUSTRY AND CIVIL SUPPLIES

(Department of Civil Supplies and Co-operation)

ORDER

New Delhi, the 28th July 1975

S.O. 389(E).—In exercise of the powers conferred by sub-rule (2) of rule 114 of the Defence of India Rules, 1971, the Central Government, being of opinion that it is necessary so to do for securing

the equitable distribution and availability of pre-packed commodities at fair prices, hereby makes the following order, namely:—

1. Short title and commencement.—(1) This Order may be called the Defence of India (Packaged Commodities) Order, 1975.

(2) It shall come into force on the 1st day of September, 1975.

2. Definitions.—In this Order, unless the context otherwise requires,—

- (a) “appointed day” means the day on which this order comes into force;
- (b) “commodity in packaged form” means a commodity which has been pre-packed, whether in any bottle, tin, wrapper or otherwise, in units suitable for sale, whether wholesale or retail;
- (c) “dealer”, in relation to any commodity in packaged form, means a person who, or a firm or a Hindu undivided family which, carries on, directly or otherwise, the business of buying, selling, supplying or distributing any such packaged commodity, whether for cash or for deferred payment or for commission, remuneration or other valuable consideration, and includes—
 - (i) a commission agent who carries on such business on behalf of any principal,
 - (ii) an importer who sells, supplies, distributes or otherwise delivers any such package to any user, consumer or other person, but does not include a manufacturer who manufactures any commodity which is sold or distributed in a packaged form;
- (d) “label” means any written, marked, stamped, printed or graphic matter affixed to, or appearing upon, any commodity or package containing any commodity;
- (e) “manufacturer” in relation to any commodity in packaged form, means a person who, or in firm or a Hindu undivided family which, makes or manufactures such commodity;
- (f) “sale”, with its grammatical variations and cognate expressions, means transfer of property in any commodity in packaged form by one person to another for cash or

for deferred payment or for any other valuable consideration, and includes a transfer or any commodity in packaged form.

3. Net weight, measure and number, date of packing and sale price to be indicated on every package.—(1) On and from the appointed day, no person shall pre-pack for sale or cause to be pre-packed for sale any commodity unless each package in which such commodity is pre-packed bears thereon, or on a label securely affixed thereto, a declaration of—

- (i) the identity of the commodity in the package;
- (ii) the net quantity in terms of the standard unit^s of weight or measure of the commodity in the package, or, where the commodity is packed or sold by number, the accurate number of the commodity contained in the package;
- (iii) the date on which the commodity is pre-packed; and
- (iv) the sale price of the package.

(2) No person shall sell, deliver or distribute, or cause to be sold, delivered or distributed, or offer, expose or possess for sale any commodity in a packaged form which was pre-packed on or after the appointed day, unless each such package complies with the requirements of sub-paragraph (1) of this paragraph.

(3) No dealer shall sell any package containing any commodity which was pre-packed on or after the appointed day at a price exceeding the price stated on the package or on the label thereon.

(4) Every package referred to in sub-paragraph (1) shall bear thereon the name and complete address of the manufacturer and, where the manufacturer is not the packer, of the packer.

(5) Where any package containing a commodity (pre-packed on or after the appointed day) or the label thereon bears a representation as to the number of servings of the commodity contained therein, such package or label shall also bear thereon a statement as to the net quantity (in terms of weight, measure or number) for each such serving.

(6) The statement on a package or label as to the net weight, measure or number of the contents thereof shall not include an expression which tends to qualify such weight, measure or number:

Provided that where the commodity contained in the package is such that it is likely to lose or gain weight by reason of the climatic conditions, the net weight or measure indicated on the package or label may be qualified by the words "when packed".

(7) Where any package contains a commodity for which a controlled price has been fixed by or under any law for the time being in force, in determining the price of the package containing such commodity, the controlled price so fixed shall alone be taken into account.

(8) The price of a package indicated thereon or on a label affixed thereto shall be exclusive of any local taxes which may be levied on the commodity by or under any law for the time being in force.

(9) The declaration of quantity contained on a package shall be exclusive of wrappers and materials other than the commodity contained in the package.

(10) Where indication on a package of its net contents and the sale price is either impossible or impracticable by reason of the size or nature of such package, a label, stamp, sign or tag indicating the net contents and the sale price shall be attached to each such package.

(11) Where a package is provided with an outside container or wrapper, such container or wrapper shall contain all informations which are required to appear on the package except where such container or wrapper itself is transparent and information on the package itself is easily readable through such outside container or wrapper.

4. Manner of declaration.—Every declaration which is required to be made on a package under this Order shall be—

(a) legible, prominent, definite and plain,

(g) conspicuous as to size, number and colour,

(c) in such style or type or lettering as to be boldly, clearly and conspicuously presented in distinct contrast to the other type, lettering or graphic material used on the package,

and shall be printed, painted, inscribed or otherwise made on the package in a colour which contrasts conspicuously with the background of the label.

5. Power to exempt.—The Central Government may, if it is of opinion that it is necessary or expedient so to do, exempt any packer or class of packers from all or any of the provisions of this Order.

[No. F.WM-15 (9) /75]

R. K. TRIVEDI, *Addl. Secy.*

APPENDIX X

(Vide Reply for Recommendation at Serial No. 78)

Extracts of Agenda for 4th Meeting of the Finance Sub-Committee

Item No. 3.

NATIONAL SEEDS CORPORATION LIMITED

4th Finance Sub-Committee Meeting

SUBJECT:—*Economy measures to reduce the expenditure*

In its meeting held on 18-11-1969 the Board of Directors decided that in view of the losses suffered by the Corporation during 1968-69, there is need to review the working of the Corporation with a view to ensure profitability by economising in expenditure. In that context the following may please be considered:—

(i) Staff

(ii) Vehicles

(iii) Postage, Telegraph & Telephones

(iv) Travelling Allowances & Daily Allowances

(v) Inventory Control

(i) Staff:—

Staff standards need to be reviewed and on the basis of standards so determined staff sanctions examined. It is felt that some savings might become possible by taking into consideration the following aspects:

1. *Attaching more acres per S.P.A. for inspection work.*

In this connection Annexure I may kindly be examined and further line of action indicated.

NATIONAL SEEDS CORPORATION LIMITED
SEED PRODUCTION ASSISTANTS AND ACREAGE

Item No. 3

ANNEXURE I

Sl. No.	Year	Season/Acreage	Total No. of S.P.A.s	Average inspected per S.P.A. (in acreage)	Prevailing Standards
1	2	3	4	5	6
1.	1967-68	Kha: Rab: 51350 19353 <hr/> 70703	269	Kha: 190.8 Rab: 71.9	1. Vegetable crops 100 acres/S.P.A./Crop season
2.	1968-69	Kha: Rab: 68422 18373 <hr/> 86795	291	Kha: 235.1 Rab: 63.1	2 Hybrid Crops (Maize, Jowar, Bajra) 300 acres/S.P.A./Crop season
3.	1969-70	Kha: Rab: 40557 14372 <hr/> 54929	282	Kha: 143.8 Rab: 50.9	3. All other crops. 500 acres/S.P.A./Crop season

ANNEXURE II

Extracts of Minutes of the Finance Sub-Committee, Fourth Meeting, held in the room of the Chairman. National Seeds Corporation Ltd., Eka Bhavan, New Delhi, at 3.30 p.m. on Tuesday the 27th January, 1970.

3. The Sub-Committee discussed the various measures suggested for enforcing economy in the expenditure of the Corporation. The position regarding staff was noted. It was also desired by the Sub-Committee that all deputationists specially in technical and ministerial cadres may be reverted back to their parent departments unless there were exceptional circumstances and advantage to the Corporation by his continued deputation.

ANNEXURE III

Item No. 6

"CONFIDENTIAL"

NATIONAL SEEDS CORPORATION LIMITED

38th Board Meeting—31-1-1970

(Note for the consideration of the Board)

SUBJECT:—*Reports of the Production Sub-Committee and Financial Sub-Committee*

The Board of Directors at their meeting held on the 18th November, 1969, while considering the Profit and Loss Account and Balance Sheet of the Corporation for the year 1968-69 had directed the management to initiate action as follows:—

1. Inventories both in case of foundation seed and certified seed should be carefully looked into and steps taken to reduce them.
2. Economy measures to reduce the expenditure on establishment to the extent possible should be initiated.
3. All avenues for increase in income of the Corporation should be explored. In this connection, the present rates of inspection fees, processing charges, sales prices of seeds by Corporation etc., should be reviewed to find out if there was any scope for having more income from these sources.
4. The Corporation should draw up its production programme of seeds not on the basis of targets fixed by the various State Governments but on the basis of its own experience in the past and the approach to the production programme should be pragmatic and realistic.

The Board further directed that the action taken by the Management on the above points may be placed before the Finance Sub-Committees and Production Sub-Committee of the Board and their reports submitted to the Board for consideration.

The Production Sub-Committee accordingly met on the 5th December, 1969, and considered the action taken by the management on Item 1, 3 and 4 above. The proceedings of the meeting of the Production Sub-Committee along with relevant agenda notes enclosed for Board's consideration.

The meeting of the Finance Sub-Committee was also held on the 27th January, 1970 and the various issues were considered. A copy of the proceedings of the meeting of that committee alongwith agenda notes is also attached for Board's consideration.

The Production Sub-Committee scrutinised the inventories of foundation and certified seed and made observations as per position stated against item II in the proceedings. The Finance Sub-Committee's observations in regard to the inventories are contained in the proceedings against item 2. The matter is placed before the Board for consideration and such directions as the Board may like to give.

As regards item 3, the Production Committee considered the revision of inspection fees and processing charges and have recommended that both inspection fee and processing charges should be raised. Increase in inspection fee and processing charges as recommended by the Production Sub-Committee has been endorsed by the Finance Sub-Committee. A comparative statement showing the inspection fee and processing charges obtained prior to recommendation of the Production Sub-Committee and as per recommendations of the committee, is enclosed to the proceedings of the Production Sub-Committee for Board's reference.

As regards item 4, the observation of the Production Sub-Committee may be seen in para. 3 of page 3 of the proceedings of the Production Sub-Committee. Due care would be taken to draw production programme for the Corporation in a realistic manner, as desired by the Board, in future also.

As regards economy measures, the suggestions were worked out by the management and submitted to the Finance Sub-Committee. The recommendations of the Finance Sub-Committee are contained in their proceedings against item 3. It is proposed to take action as per the recommendations of the Finance Sub-Committee. Board's approval to the implementation of these recommendations of the Finance Sub-Committee is requested.

The Board of Directors had desired at their meeting held on the 30th August, 1969, that the question whether the sale prices of

various seeds *vis-a-vis* their procurement prices were not very high should be examined. This question was also considered by the Production Sub-Committee and the Committee considered that sale prices are not very high considering the procurement prices which are being paid and the necessary provision which has to be made for various overheads and direct and indirect cost incurred by the Corporation after the seeds have been procured. However, the Production Committee observed that since as a general rule, lower prices would stimulate demand, efforts should be made to reduce the overheads. Item II(ii) of the proceedings of the Production Sub-Committee along with the addendum issued afterwards may kindly be perused in this connection.

ANNEXURE IV

Extracts of Minutes of the 38th Meeting of the Board of Directors of the National Seeds Corporation Limited held at F-48, South Extension, New Delhi-49 on the 31st Jan., 1970 at 10.30 A.M.

Item No. 6. *Reports of the Production Sub-Committee and Finance Sub-Committee.*

The Board considered the proposals of the Production Sub-Committee and Finance Sub-Committee in regard to the reduction of inventories both in foundation and certified seeds, reduction in expenditure and increasing income of the Corporation. The Managing Director explained in details the stock position of the various seeds, staff position and the overall effect of the recommendations of the Production Sub-Committee and the Finance Sub-Committee. After considerable discussions, the following recommendations of the above Committees were accepted:—

1. *Recommendations About reducing inventories:*

- (1) The requirement of 1970-71 should be reserved.
- (2) The types of seed that cannot be used during 1970-71 but can be stored and used in future should be stored and proper storage facilities ensured.
- (3) Surplus single-cross seed of maize, which is above 70 per cent germination should be disposed of as seed for commercial cultivation to Central State Farms and big farmers at certified seed prices or slightly higher than the prices of the certified seed as the case may be.
- (4) Sorghum 3691 and Bil 3-B seed which are above 70 per cent germination should be sold as seed of pure variety at prices slightly higher than the grain.
- (5) The surplus seed which is below 70 per cent germination may be sold as starch or poultry feed. But before selling the seed as poultry feed, the seed should be got tested from the I.A.R.I. and ensured that it was not harmful for the poultry.

- (6) Obsolete, surplus and condemned stocks should be disposed of as early as possible and the losses on that account written off so that a clear picture is emerged in the accounts.
- (7) The matter regarding the excessive inventories in foundation seed should be referred to Government indicating in details the circumstances under which these have accumulated and the Govt. may be requested to indicate the action to be taken in this regard.
- (8) Certified seeds may also be sold at the best market price they command and in case of foundation seed wherever the particular varieties could be diverted for commercial production as certified seed, those may be disposed off as certified seed at the certified seed prices with such adjustments in prices as may be felt necessary by Management.
- (9) The position particularly in case of maize both hybrid and composite may be reviewed after the sales for Kharif 70 with a view to assess if the remaining stock could be disposed of by further price reduction. In the alternative, their disposal specially in case of obsolete lines like Ambar and Ganga-3 as starch or poultry feed may be considered.
- (10) The need for reduction of inventory in certification material was also stressed and Board observed that purchases for certification material should be resorted to only after strict scrutiny of the requirements. The possibility of putting the certification material in stock to alternative uses may also be explored. Action should also be taken to condemn unserviceable certification material and necessary write off made.
- (11) Where the condemned seed is sold in lots as poultry feed or for starch it should be examined whether such items of certification as bag and seal could not be salvaged and put to use.

II. *Recommendations about increasing income:*

- (1) Inspection fees and processing charges should be raised as suggested by the Production & Finance Sub-Committee.

- (2) The production of newer varieties should be taken in hand and provision made for higher prices in the first year of the release of the variety and then lowering the prices in subsequent years.

Recommendations about effecting Economy

(1) Staff:

- (a) Action for effecting economy on the staff as suggested by the Management may be taken.
- (b) The deputationists specially in technical and ministerial cadres may be reverted to their parent departments excepting in case of those deputationists whose continued deputation is advantageous to the Corporation. Those deputationists who are really useful to the Corporation may be absorbed, if they so desire, according to the procedure approved by the Board earlier in this regard.

(2) Postage, Telegrams & Telephones:

Utmost economy should be exercised in expenditure on postage, telegrams and telephones. The position regarding installation of direct telephone lines in office and the distribution of residential phones be reviewed and such direct connections should be given only where considered very necessary. The trunkcalls should also be discouraged and resorted to only in cases of utmost urgency.

(3) Travelling Expenses:

There is an urgent need to effect economy on travelling expenses. Air travel should be allowed only to such officers as would be eligible for it under the Govt. rules. This condition may, however, be relaxed in exceptional circumstances with the prior approval of the Managing Director.

The Board directed that the management should initiate action on the above recommendations. The Board also noted and approved the action already taken by the management for effecting economy in different spheres.

The position about collection of debts was also reviewed and the Board desired that vigorous efforts should be made in that regard. The cases about disputed claims should be sorted out by mutual discussions. The Board also desired that the decision taken by the Board earlier about charging penal interest from the defaulting parties, including the State Governments, should be implemented.

Mr. Burney left the meeting at this stage.

APPENDIX XI

(Vide Reply to Recommendation at Serial No. 80)

NATIONAL SEEDS CORPORATION LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

4-E JHANDEWALAN EXTENTION
NEW DELHI-55.

No. 2 (7) | 74-Pers | NSC

Dated the 16th May, 1975.

CIRCULAR

Stores are as important as cash in the business of a company. It has, however, come to the notice of management that these are not looked after with the same degree of care. The following safety measures are presented for observance by all concerned:

1. SAFE CUSTODY OF STORES:

(i) *Double Lock Arrangement*: In case where the goods are stored in open, there should be proper fencing with single entry-exist. Where stocks are being kept under lock and key, these should be kept under double lock. One key be kept with the Store-keeper and the other key be kept with the Regional Manager | AAO | Officer Supdt. | Officer-in-charge and stores be opened and closed in their presence as also in the presence of the Chowkidars on duty.

(ii) *Fidelity Bond*: Alike cashier, fidelity bond may be taken in the name of the Store-keeper (for an amount of Rs. 10,000/- in respect of Sr. Store-keeper and Rs. 5,000/- in respect of Jr. Store-keeper) and insurance charges be paid by NSC.

(iii) *Report for Losses*: Whenever shortage for losses and pilferages are noticed in the stores, immediate information be sent to the Regional Manager concerned for necessary action and for reporting the matter to Police authorities, if necessary. Transit losses be dealt with as per the existing rules. In case of any major loss | pilferage, a report be sent to the undersigned immediately.

(iv) The Incharge, stores, should not be a relative of any official of the Unit.

2. MAINTENANCE OF STORES-RECORD:

(i) *Use of Printed Forms:* For all the supplies to be made and received, only prescribed printed documents having printed numbers should be used. The printing of forms should be centralized at central level with responsibility for control and distribution of the forms to the Regional and Sub-Regional Offices.

(ii) *Posting in Ledgers:* Posting in the store ledgers should be done daily, progressive balances struck and balancing done on weekly basis. Each transaction mentioned in the store ledger should be reconciled with the supporting documents i.e. S.R. Notes, IDP Notes, G. R. Notes, cash memos etc. thoroughly and carefully. Bin cards should be used in every store. At the time of physical verification the balances physically appearing in the stores should be reconciled with reference to the balances appearing in the store-ledger and Bin cards.

(iii) *Responsibility for Maintenance of Store-Ledgers:* The officials responsible for maintaining the stores should not be allowed to maintain store-ledger, wherever practicable.

(iv) *Record of processed/unprocessed seeds:* Full record for unprocessed seed, processing losses and finally processed and disposal of rejected seed should be maintained properly by Incharge, Processing Plant.

3. VERIFICATION OF STORES:

(i) *Verification of goods despatched:* Before despatching the goods to other units/sub-units, all the components of the goods as mentioned in the M.T. Notes should be verified by a responsible officer and similar procedure should be adopted at the time of receipt of goods at the receiving unit.

(ii) *Checking of entries:* Fortnightly checking of the entries made in the stock ledger both at receipt and issue side should be conducted by the Accounts Officer/S.O./Officer-in-charge of unit/sub-unit, particularly date of entries of quantities entered as receipt/issue and store-ledgers should be carefully checked with relevant documents from which entries have been made in the store ledger.

(iii) *Physical Verification*: There should be physical verification of stores by the Regional Manager|AAO|Office Supdt. at least once every six months during February and August in addition to the annual physical verification made by I.A.D.

4. OTHER PRECAUTIONS:

(i) *Gate Pass System*: Gate-pass system should be implemented at all the stocking points, if not done earlier, and all the stores should be issued after authorisation by the competent authority other than the Store-keeper.

(ii) *Use of Central|State Warehousing Corporation*: Wherever feasible, storage space of Central|State Warehousing Corporation should be used.

(iii) *Separate of Processing Plant and Stores*: Wherever processing plant and stores are situated in the same building, separate lock and key should be provided for both and in no case, stores should be allowed to move from processing-plant to stores and *vice-versa* without issuing the supporting documents.

(iv) *Verification of Character and Antecedents of Chowkidars*: Chowkidars engaged for safety of the godowns should be appointed after verifying their character and antecedents, as per instructions already issued.

The above instructions are being issued with the approval of the Chairman and will come into force with immediate effect.

S. NARAYANAN,
Chief Admn. Officer.

Copy to:

1. All Regional Managers|Officers-in-charges.
2. CAO|Dy. SAO, IAD, Hqrs.
3. PS to Chairman|MD.
4. A.P.S. to F.C.|C.P.D.|Chief (R.D. & Q.C.).
5. CAO, SFCL.

APPENDIX XII

(Vide Reply to Recommendation at Serial No. 82)

NATIONAL SEEDS CORPORATION LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

4-E, JHANDEWALAN EXTENSION RANI JHANSI ROAD
NEW DELHI—110055.

No. 3 (5) | 74-CS | NSC

Dated the 27th September, 1975.

To,

ALL REGIONAL MANAGERS | FARM MANAGERS |
OFFICERS INCHARGES, SUB-UNITS.

SUB: *Procurement of seeds from any member of the family—
instructions regarding.*

Sir,

The Committee on Public Undertakings in its 66th report on National Seeds Corporation Ltd., have made the following recommendations:

“13.12. The Committee also recommend that strict instructions should be issued that normally no seeds should be procured from any Member of the family | dependent | relative of any one in the Management | or any of the employees of the Undertaking. Any relaxation in this regard should only be with the specific prior approval of the Board of Directors on full disclosure of the facts and scrutiny by them to safeguard public interests and to obviate any suspicion. The Corporation | Government should bring such cases to the notice of the Parliament by mentioning them in their Annual Reports”.

2. The aforesaid recommendations may be brought to the notice for general information of all the members of the staff of this Corporation for strict compliance with the instructions that no seeds be procured from any Member of the family | dependent | relative of any one in the Management or any of the employees of this corporation.

3. In this connection, your attention is also invited to Rule 15 of the Central Civil Services (Conduct) Rules, 1964.

Yours faithfully,

S. NARAYANAN,

Chief Administrative Officer.

cc: All Officers|Sections at Hqrs., NSC.

cc: Shri K. Balakrishnan, Under Secretary, Miny. of Agril.,
New Delhi.

APPENDIX XIII

(Vide Reply to Recommendation at Serial No. 2)

NATIONAL SEEDS CORPORATION LTD.

(A GOVERNMENT OF INDIA UNDERTAKING)

4-E, JHANDEWALAN EXTENSION,

NEW DELHI-55

Foundation and certified seed production by SFCI. arranged on behalf of NSC during 1973-74, 1974-75 and 1975-76

Sl. No.	Crops	Production during 1973-74 (Quintals)		Production during 1974-75 (Quintals)		Estimated Prod. during 1975-76	
		Founda- tion	Certifi- ed	Founda- tion	Certifi- ed	Founda- tion	Certifi- ed
1	2	3	4	5	6	7	8
1. Food Crops :							
(i)	Maize					130	1040
(ii)	Sorghum			..		250	1000
(iii)	Bajra			8		..	750
(iv)	Paddy		..	..	..	1100	46500
(v)	Wheat		449	8232	53094		17,8200
(vi)	Barley	..	..	..	150	300	2000
		..	449	8240	53244	1780	2,29,690
2. Oil Seeds :							
(i)	Sunflower	..				65	930
(ii)	Soyabean				..		300
(iii)	Sesame			..			250
(iv)	Castor				..		250
(v)	Groundnut			..	..	40	..
(vi)	Rape/Mustard	..	..	..	195	80	3250
		..	..	..	195	185	4980

	1	2	3	4	5	6	7	8
3. Pulses :								
(i) Moong	.	..				61	..	1225
(ii) Arhar	18	1670
(iii) Urid	14	25	1800
(iv) Cowpea	140	15	400
(v) Gram	286	3463	1270	7000	
(vi) Lentil	90	10	
		286	3678	1418	12105	
4. Fooder Crops :								
(i) Oat		53	725	
(ii) Porrage Sorghum	33	10	
(iii) Guar	60	1200	
		146	1935	
5. Fibre Crops :								
(i) Jute	158	20	
(ii) Cotton	3955	
		158	3975	
TOTAL		..	449	8526	57117	3687	252,685	

APPENDIX XIV

(vide Reply to Recommendation at Serial No. 3)
Projection of certified seed demand (tonnes) during 1976-77 to 1980-81

Crop	Present level of seed production (1974-75)	Projected 1976-77	Production/demand			
			1977-78	1978-79	1979-80	1980-81
Raddy . . .	26870	42000	48000	54000	60000	66000
Wheat . . .	71000	110000	130000	137000	144000	151000
Maize . . .	18640	13500	15000	16500	18000	19500
Sorghum . . .	14030	21500	25000	26250	27500	29000
Bajra . . .	6800	16000	18000	20000	22000	24000
Cotton . . .	..	..	12600	13230	13891	14586
Jute . . .	650	2230	3170	3328	3494	3669
Groundnut . . .	..	11075	11300	11525	11760	12000
Castor . . .	..	1531	1615	1795	1683	1866
Rapeseed & Mustard	..	1630	1715	1805	1900	2000
Sunflower . . .	..	3725	4450	5300	5830	6400
Gram . . .	..	3000	3625	4250	4875	5500
Potato . . .	3507	10000	20000	30000	32000	34000
Oat . . .	..	100	200	300	400	500
Berseem . . .		100	200	300	400	500
Lucerne . . .		80	160	240	320	400
Forage sorghum . . .		100	200	300	400	500
Cowpea . . .		100	200	300	400	500
Guar . . .	..	100	200	300	400	500
TOTAL . . .	141497	236780	295635	326615	349353	372421

APPENDIX XV

(Vide Reply to Recommendation at Serial No. 26)

Enquiry report by the Enquiry Committee in respect of para No. 3.24 (Sl. No. 26) of the 66th report of the Committee on public Undertakings (1974-75) on National Seeds Corpn. Ltd.

Terms of Enquiry:

While dealing with the Yamuna Nagar farm of N.S.C., the Committee On Public Undertakings have made the following observations:—

"3.20. On 2nd June, 1969, the Chairman, NSC, requested the then Minister for Railways to make available to the Corporation a site at Yamuna Nagar either on outright sale or 10-12 years lease for establishing foundation seed farm of NSC. The Railways (on 23rd June, 1969) expressed their inability either to sell the land to the Corporation or to give it on long lease basis for the aforesaid period. It was, however, suggested by Railways that this could be given on two years lease to NSC. On 27th October, 1969, a joint meeting was held between the Divisional Engineer, Northern Railway and representative of the Corporation and it was indicated in that meeting that the licence would be for a period of two years and extension beyond that would have to be considered on its own merits by the Railways. Even when approached again on 19th November, 1969, the Railways reiterated the same terms and conditions referred to above. They did not agree to the grant of automatic extension after that period.

3.21. The Corporation took possession of this land on 11th June, 1970. The Corporation required this farm specially for growing seed Potato, but as most of the area was low lying, it was not possible to grow Potatoes on a large area. Due to the short duration of lease for two years, it was not possible for Corporation to invest heavily on land development work. Drainage posed a major problem in cultivating this farm.

The matter was considered in detail in April, 1972, and it was decided that the Corporation should not take this farm for another two years. As per agreement, the lease was terminated in 1972.

- 2.22. Asked whether in the opinion of the Ministry, setting a farm on a land taken on lease only for two years was economical, the Ministry stated in a reply after evidence that "the Ministry agree that the entire proposal of taking land for a period of two years was inadvisable."

It was also stated that the Corporation knew that the land had been reserved for railway colony at the time the farm was set up.

- 3.23. When asked about the loss suffered by the Corporation as a result of the closure of the farm it was stated that the Corporation had suffered a total loss of Rs. 46,477/- in the two years in which this farm was operated.

- 3.24. The Committee regret to note that even though the facts that the land for Yamuna Nagar farm was available only for a period of two years and that the land was reserved for Railway Colony, were known to the Corporation, the Corporation selected the land for establishment of this farm. Even after election, the Committee find that the Corporation could not use the farm for growing seeds of Potatoes for which it was intended as most of the area was low lying with the result that the Corporation suffered a loss of Rs. 46,477/-. As admitted by the Ministry, the entire proposal of taking land for a period of two years was inadvisable. The Committee are not happy about the unwise action on the part of the Corporation in having taken up this unsuitable land without going into the economics of the short term lease which resulted in a loss of Rs. 46,477/-. The Committee would like that the entire matter may be investigated and responsibility for selection of an unsuitable land by the Corporation fixed."

The present enquiry was directed by the Managing Director, NSC, for investigation and for fixing responsibility in respect of the aforesaid recommendation in paragraph No. 3.24.

2. Facts of the Case:

On a review of the concerned file No. Pot.|XXV|68-NSC, maintained at the Headquarters of the Corporation, it is noticed that the Corporation was examining the possibilities of taking the land for setting up a farm for multiplication of pre-release varieties of Potato and organising foundation seed production on a sound footing. The Director, Central Potato Research Institute, Simla, made a proposal in respect of an area in village Zarifabad on Karnal-Kathal road and Shamghar on Karnal-Ambala road. The Seed Production Officer (Potato) was deputed to inspect sites and he submitted his report on 17th February, 1969. It was decided to take up the matter with the Government of Haryana for taking over of Shamghar Agricultural Farm in the district of Karnal, and a letter was accordingly addressed to the Director of Agriculture, Haryana, Chandigarh, on 21st March, 1969. Ultimately, the said farm was found to be not available.

In the meantime, MD, in his tour report for the period 17th December, 1968 to 22nd December 1968, mentioned about the efforts being made by Regional Manager, Chandigarh, in contacting the railway authorities for obtaining land from railways. Chairman, *vide* his minutes dt. 9th April 1969, desired that the proposal to secure land at Yamunanagar should be pursued vigorously.

It was decided to inspect the Yamuna Nagar land belonging to the Railways, having an area of 219 acres. The inspection of the site was made by the Seed Production Officer (Potato), Shri S. S. Bal, on 28th March, 1969. The said report dt. 30th April, 1969, is very comprehensive and findings of the inspecting officer may be summarised as under:—

General Observations:

- (a) The land is composed of one compact block flanked by main railway line and touches the new residential colony on the eastern side. Rest of the farm is surrounded by stretches of private land;
- (b) Most of the land is covered by irrigation, if private tube-wells are taken into account;
- (c) The sub-soil water is about 20 ft. deep and was claimed good for irrigation purposes;

- (d) The soil type of land is generally sandy, but there are patches of heavy soil;
- (e) From local enquiries, it was clear that even the heavy fields were not water logged, or of the type which were more suitable for paddy cultivation. In fact, this crop is not included in the usual rotation;
- (f) There is a passage for traffic of the people and cattle within the area of land;
- (g) Since the land is near a residential area, the possibility of pilferage and sanitation in seed fields requires to be examined.
- (h) For proper watch and ward, it would require fencing of the farm;
- (i) The lease for two years will prevent NSC from making any major development and hence the productivity will be limited;
- (j) It could be concluded that, in general, the land may not be suitable for Potato cultivation, but with the addition of organic matter and better management, it can be easily adopted for Potato production;
- (k) The local evidence showed that there is no flood problem in the area;
- (l) Some attention might be necessary towards improvement in drainage, so that the fields which appear to be heavier type will not pose any problem for land management;
- (m) The land does not appear to be affected by salinity and hence should be suitable for a variety of crops;
- (n) For Potatoes, Yamuna Nagar should be rated as No. 2, compared to Jullundur. The crop may be more affected by late blight in this area whenever the disease appears in severe crop;
- (o) It should be possible to bring about 160—170 acres under crops, as some land will be lost due to village roads and patches of waste land;

- (p) In case the railway authorities are willing to give the land on long lease (at least 10 years), NSC may go ahead with the setting up of foundation seed farm keeping in view the Potato seed production as preliminary aim;
- (q) The calculations show that on the basis of cost structure and price pattern at the relevant time, it was possible to operate at a net profit of Rs. 1,000/- per acre with good management practices.

The aforesaid report by SPO(Potato), Hqrs., was endorsed by Dy. General Manager (Prodn.), who remarked that the land is potentially good, but unless taken on long lease, it would be difficult to invest money. On the suggestion of MD, Chairman addressed a D.O. letter to the Minister for Railways on 2nd June, 1969, for giving the said railway land on long lease for 10—12 years to make necessary investment in the land and to make it fit for raising foundation seed production of Potatoes. The Minister for Railways, *vide* his D.O. letter dt. 23-7-69, advised that the land in question was acquired by the Railways for the future expansion of the Jagadhri workshop and provision for more staff quarters and as such it would not be possible either to sell this land or to give it to NSC on long lease. He also suggested that in case NSC is interested in a two year lease term, the Corporation may contact the General Manager, Northern Railway, for the terms thereof. On the said D.O. letter of Railway Minister, the Chairman in his minutes dated 25-7-1969, observed as under:—

“I feel we should take possession of the land in the first instance. There may not be a need for expansion of workshop for sometime to come.”

It is also noticed from the said letter that on 29-6-69, Dr. Y. R. Mehta, Dy. General Manager (Prodn.), had made the following remarks:

“We are not in favour of two years lease as it won't serve our purpose.”

As directed by Chairman, *vide* his aforesaid minutes dt. 25-7-69, further action was taken to take the Railway land at Yamuna Nagar for two years after the terms are known and found to be suitable. Meetings were subsequently arranged and communications addressed to the Railway authorities from time to time. In the discussions, it was decided that either land can be taken on out-right lease basis

at Rs. 60,000/- for two years or the land be taken on lease in auction. It was decided to bid in the auction up to a bid of Rs. 60,000/-. RM Chandigarh, attended the auction on 30th September, 1969 and he reported that neither the time for giving actual possession of land was clear nor were the railway authorities prepared to auction the land in one lot. He lodged a protest with the railway official at Jagadhri and offered him the lease money of Rs. 70,000/- for the entire lot on the condition that the land was given for two clear agricultural years. The matter was later discussed with the railway authorities at Delhi and the Divisional Engineer of Railways at Delhi, agreed to hand over the possession of the land w.e.f. 1-6-70, for a period of two years, on payment of licence fee offered by NSC at Rs 70,000/- on or before 16th May, 1970. It was also agreed by the Railways that the licence initially was for a period of two years and extension beyond that period will have to be considered on merits. The proposal, in principle, was agreed by the then FC, Shri Raghubir, MD, Shri G. C. N. Chahal and Shri Shah Nawaz Khan, Chairman, to take the land on lease and the economics of the proposal was examined in detail. It was decided not to make heavy investment and to engage minimum staff. In this connection, the remarks of the Chairman dated 21-3-70, are reproduced below:

“Although the Railways have not made any firm commitment regarding the renewal of the lease after two years, we may safely presume that the lease would be renewed until such time as the land is required by the Railways for their own use. this is not likely for quite some time. I would, therefore, advise that we should go ahead on this presumption and make adequate arrangements for farm machinery, wire fencing and temporary sheds.

I hope for these tubewells, etc., we would be called upon to pay depreciated value.”

The land in question, was taken over in the afternoon of 31st May, 1970 and sanction of the management was conveyed to the Regional Manager, Chandigarh, for the purchase of necessary equipment well in time before the land was taken over by NSC.

3. Findings:

On a close examination of the relevant file, dealing with the purchase of Yamuna Nagar land, we find that the decision to take the land was taken at the highest level, after free exchange of views expressed about the merits and demerits of the proposal, from time to time. It appears that no other land was available at

the relevant time and the management had no option except to go in for this piece of land. It is felt that the decision taken by the Management was based on the conditions prevailing at the relevant time and was bonafide in the interest of the Corporation. It is, therefore, difficult to fix responsibility on anyone for selection of the land by the Corporation.

(U.P. MATHUR)

Company Secretary.

(S. NARAYANAN)

Chief Admn. Officer.

NEW DELHI;

Dt. 15-10-75.

APPENDIX XVI

Analysis of Action Taken by Government on the recommendations contained in the Sixty-sixth Report of the Committee on public Undertakings (Fifth Lok Sabha.)

1. Total number of recommendations	82
2. Recommendations that have been accepted by Government: Serial Nos. 1,4,5,6,7,8,11, 14,15,16, 18,19,20,21,22,23,24, 27,28, 29, 30, 32, 33, 36,39,40,42,44,47,48,49, 52, 57, 58, 59, 60, 61, 62, 63, 64, 65, 67,68,69,70,71,72,73,74, 77, 78, 79, 80 and 82	
Number	54
Percentage to total	66%
3. Recommendations that the Committee do not desire to pursue in view of the Government's replies : Serial Nos. 2,3,10,12,17,26, 34, 35, 37, 38, 41, 43, 45, 53, 54, 55, 56 and 66	18
Number	
Percentage to total	22%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee: Serial Nos. 9, 13, 25,31,46,50,51, 75,76, and 81.	
Number	10
Percentage to total	12%