

COMMITTEE
ON
GOVERNMENT ASSURANCES
(1977-78)

(SIXTH LOK SABHA)

SECOND REPORT

(Presented on the 19th April, 1978)



LOK SABHA SECRETARIAT
NEW DELHI

April 19, 1978/Chaitra 29, 1900 (Saka)

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LOK SABHA

CORRIGENDA

to

The Second Report of the Committee on
Government Assurances (Sixth Lok Sabha)

<u>Page No.</u>	<u>Correction</u>
Contents Page	Against Chapter II, <u>read</u> '9' in the last column
3.	Para 7, for the existing line 4, <u>read</u> 'have got to consult the Law Ministry. The Law Ministry was,'
17.	Para 38, line 9, for 'hybird' <u>read</u> 'Hybrid'
29.	Line 10, from bottom, for 'commutment' <u>read</u> 'commitment'
34.	Lines 25-26, for 'incured' <u>read</u> 'incurred'
37.	(i) Line 20, for 'though' <u>read</u> 'thought' (ii) Line 21, for 'these' <u>read</u> 'there'
38.	Line 11, for 'anquired' <u>read</u> 'enquired'
40.	Line 4, for 'suplied' <u>read</u> 'supplied'
43.	Line 14, <u>insert</u> an 'asterik' in the beginning
48.	In heading 2, line 3 <u>add</u> 'to' before 'Fourth'
49.	(i) In heading 2 for 'called' <u>read</u> 'cullled' (ii) In heading 5 for 'Deprtmen' <u>read</u> 'Department' (iii) In column 2, against Second Session for '107' <u>read</u> '1007'
51.	Line 2, for 'or' <u>read</u> 'of'

New Delhi;

June 8, 1978

Jyaishta 18, 1900 (Saka)

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PERSONNEL OF THE COMMITTEE ON GOVERNMENT
ASSURANCES

1977-78

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Shri Yagya Datt Sharma

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- *13. Shri Ram Awadesh Singh
14. Shri R. V. Swaminathan
15. Shri Mritunjay Prasad.

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions.*

Shri D. N. Gadgok—*Senior Examiner of Questions.*

*Nominated by the Speaker with effect from 20th February, 1978 *vice* Shri Sher Singh ceased to be a member of the Committee on his appointment as a Minister of State.

REPORT

I. INTRODUCTION

I, the Chairman of the Committee on Government Assurances, having been authorized by the Committee to present the Report on their behalf, present this Second Report of the Committee.

2. The Committee was constituted on the 1st July, 1977.

II. SITTINGS OF THE COMMITTEE

3. The Committee held two sittings on the 7th November, 1977. At these sittings, the Committee took oral evidence of the representatives of the Ministry of Chemicals and Fertilizers and Ministry of Agriculture and Irrigation in regard to the delay in implementation of three assurances:

- (1) Assurance given in reply to Unstarred Question No. 1046 on the 21st November, 1972 regarding complaints against the Director-in-charge of Marketing, Fertilizer Corporation of India;
- (2) Assurance given during the course of supplementaries raised on Starred Question No. 307 on the 13th March, 1973 regarding charges of corruption against the Managing Director and Director of Production, Fertilizer Corporation of India; and
- (3) Assurance given in reply to Unstarred Question No. 1463 on 29th March, 1976 regarding auction of damaged seeds by National Seeds Corporation.

4. At their sitting held on the 5th April, 1978, the Committee considered their draft Second Report and adopted the same.

5. The Minutes of the aforesaid sittings of the Committee are appended to and form part of this Report.

6. Conclusions/observations of the Committee are contained in the succeeding chapters.

7. The Committee wish to express their thanks to the Ministries of Chemicals and Fertilizers and Agriculture and Irrigation and their officers for furnishing informations and tendering evidence before the Committee.

NEW DELHI;

April 5, 1978

Chaitra 15, 1900 (Saka).

YAGYA DATT SHARMA,

Chairman,

Committee on Government Assurances.

CHAPTER I

- (i) *Delay in implementation of an assurance given in reply to Unstarred Question No. 1046 on the 21st November, 1972 regarding complaints against the Director-in-Charge of Marketing, Fertilizer Corporation of India; and*
- (ii) *Delay in implementation of an assurance given during the course of supplementaries raised on Starred Question No. 307 on the 13th March, 1973 regarding charges of corruption against the Managing Director and Director of Production, Fertilizer Corporation of India.*

These assurances (Appendices I and II) along with other assurances pending on the dissolution of Fifth Lok Sabha were reviewed by the Committee at their sitting held on the 22nd August, 1977. The Committee vide para 3 (Sl. Nos. 7 and 8) of the Minutes of the Sitting held on the 22nd August, 1977 contained in the First Report, Sixth Lok Sabha, presented to the House on the 22nd December, 1977, had *inter alia* observed as under:

“The Committee agreed to grant extension upto the 30th September, 1977 in both the cases. The Committee, however, observed that these assurances had been pending for a long time and such delays adversely affect not only the staff and officers involved but others also pending finalization of the cases. In such cases the investigations should be completed as quickly as possible and the results communicated to the House at the earliest opportunity.”

2. On 29-10-1977, the Ministry of Chemicals and Fertilizers in their written note furnished to the Committee, in regard to the delay in the implementation of above assurances, stated:—

“In October, 1972, the Director (Production and Marketing) of the Fertilizer Corporation of India devised a scheme for the liquidation of outstandings from the fertilizer dealers amounting approximately to Rs. 15 lakhs. There were complaints about this scheme and the matter was also raised in the Parliament. The Board of Directors of the FCI referred the case to the C.B.I. in February, 1973.

The final report of the C.B.I. was submitted in July 1974 wherein the C.B.I. had recommended certain actions against the concerned officers of the Corporation who were involved in the transactions. The report of the CBI was examined in the Ministry and the report and the comments of the Ministry were referred to the C.V.C. for advice in April 1975. On receipt

of the advice of the C.V.C. in June 1975, the matter was further examined in the Ministry and Secretary of the Ministry discussed it with the Central Vigilance Commissioner in September 1975. On the advice of the C.V.C., the matter was referred to the Ministry of Law. This advice was received in January 1976. After a further examination in the Ministry, the Minister of Chemicals and Fertilizers referred the matter for the advice of the Minister of Law in February 1976. The advice of the Minister of Law was received in July 1976.

The issues involved in this case were of a complex nature. Some of the legal aspects were not free from doubt. In view of this position, the Minister of Chemicals and Fertilizers placed the matter before the Prime Minister. No decision, however, could be taken till March 1977 when there was a change in Government. After a careful consideration of the case, it was decided by the Minister of Chemicals and Fertilizers to obtain the advice of the new Minister of Law. After this advice was received in July 1977, the matter was placed before the Prime Minister again in September, 1977.

Government have now taken a decision in the matter and steps are being taken to fulfil the assurances."

3. During evidence before the Committee on the 7th November, 1977, the Secretary, Ministry of Chemicals and Fertilizers explaining to the Committee the broad reasons for the delay in implementing the assurances, stated:

"Since this was a serious matter where the CBI recommended prosecution and CVC said prosecution was not justified, the matter had to be carefully looked into. We received the advice of the Law Ministry in the month of January, 1976. Again the Minister was not happy with the recommendation of the Law Ministry. So, it went back to the Law Ministry in February, 1976 and the advice of the Law Minister came in July 1976. The Law Minister differed from his Ministry and he said again that the prosecution was justified. It became complicated.

We had to go to the Home Ministry for sanction of the prosecution. The Home Ministry also felt that prosecution was not justified. So, it had to be re-examined. While this was going on the Government changed and again the whole thing had to be done by the new Ministry. The present Law Minister finally examined it thoroughly and said that he was in agreement with the CVC that prosecution was not justified, but departmental action must be taken. That is how we took so much of time.

Departmental proceedings have been instituted. So, a few days back the assurance had been fulfilled.”

4. The Committee pointed out to the representative of the Ministry that according to the facts furnished by the Ministry, the assurance was given in November, 1972, the case was referred to CBI in 1973 whose report was received in July, 1974. It was referred to the Central Vigilance Commission in April, 1975. Therefore, after receipt of the report from CBI, the Ministry took 9 months to decide to refer the report to Central Vigilance Commission. After receipt from CVC it was referred to Ministry of Law in 1976. In January, 1976, the comments of Law Ministry were received and again it was referred to Law Ministry. All this created a doubt as to whether there was any deliberate delay and whether the processing and implementation of the assurances had been taken by the Ministry in a casual manner. The Committee had to be satisfied that there was no concealment of facts in this whole process.

5. The Secretary, Ministry of Chemicals and Fertilizers replied:

“I did not want to mention earlier, but I want to mention now that we have taken utmost care. The final decision that we have taken is with the approval of the Prime Minister whether there has been any collusion on the part of the Ministry to save the officer. This angle was there. Therefore, this is a case which is not normally required to go to the Prime Minister.”

6. As regards gap of 9 months between the receipt of Report from CBI and reference to CVC, the Secretary of the Ministry stated that the Ministry had to examine the case and also to consult the Law Minister.

7. The Committee enquired as to why this process could not be done before the receipt of the report from CBI, the Secretary replied :

“Under the procedure before we can refer this case to the CVC we have taken is with the approval of the Prime Minister when in fact, consulted before we referred the matter to CVC in April, 1975”.

8. Asked whether the case was also referred to the then Prime Minister, the witness stated:

“No orders were passed. It was with her for three or four months. The file came back after the changes. Even earlier when the previous Law Minister said about prosecution, since sanction of the Home Ministry was required, we went to the Home Ministry. They did not agree that this is a case where prosecution is justified. Then two ministries agreed to place the matter before Prime Minister. For 3 or 4 months it was

with the Prime Minister. But, before anything could be done, the Government changed. Therefore, the file came back without orders from P.M. Therefore, the new Government had to examine it. It went to the Law Ministry. They concluded that prosecution was not justified. There was agreement of Law Ministry, Ministry of Petroleum, and also CVC. The Prime Minister has seen and finally agreed to the course of action suggested. Actually these officers acted with enthusiasm but acted imprudently, there is no malafide intention, there is no intention to contravene any provision of law."

9. The Committee pointed out that the function of the Committee was to watch the timely implementation of the assurances given on the floor of the House. The Committee were of the view that justice delayed is justice denied. Therefore, the main issue involved was that when a Member asked a question in the House and in reply to that the Government promised to do certain thing, and if the implementation of that assurance took years together then not only the whole nation and Government suffered but as a result thereof the Government would also get a bad name.

10. Secretary of the Ministry admitted that the implementation of the assurance had taken a long time and said it was difficult to justify a case like this but there were peculiar conditions.

11. The Committee note that the assurance given in November, 1972, could be fulfilled in November, 1977. The Committee regret that Government had taken more than five years to implement the assurances given on the floor of the House. They feel such delays not only adversely affect the staff and officers involved but others also. The Committee would like Government to devise a suitable procedure for the guidance of all Ministries/Departments so that such cases are processed speedily and finalised without loss of time.

12. In response to a Committee's query as to how this case was further processed after the CVC had stated that the prosecution was not justified, the Secretary of the Ministry explaining the background of the case stated:

"There were 11 officers. One xxx was there; he was more responsible than the others. He was Director in the F.C.I. Then there was the Marketing Manager xxx and Dy. Marketing Manager xxx. The other eight were junior officers. The charge was that in devising the scheme they had contravened the Essential Commodities Act. It was felt that prosecution of the dealers will not succeed unless all these officers were

also prosecuted. The Ministry made a recommendation to the CVC and they agreed on that. xxx were placed on suspension. Suspension order was removed only when CBI stated that their investigations were completed. Our recommendation went to CVC. Since xxx was guilty of imprudent conduct, it was felt that he should not continue to be in charge of marketing. He was therefore, relieved of his marketing functions."

13. The Committee enquired from the representative of the Ministry to state in brief the charges made against those officers, the Secretary. Ministry of Chemicals and Fertilizers stated :

"Let me explain briefly the transaction. A sum of Rs. 13 or 14 lakhs was due from a number of dealers which had been pending realisation for a long time. Legal action was taken and they were found to be irrecoverable. It was looked into and it was felt that if we were to write off an amount of Rs. 13 or 14 lakhs as irrecoverable then a question might be asked as to how it happened etc. Though they were looking at the problem of recovering certain arrears somebody got a bright idea that the allocation of ammonium sulphate which was found to be in greater demand and which was another type of fertiliser, was given over and above the normal allocation due to them. That was based on the understanding that for each wagon of such ammonium sulphate that was given to them, a sum of Rs. 4,000 would be paid by them. This was over and above the amounts that were due from the dealers. The idea was that we were to collect the sums from the dealers and credit the same against their arrears thereby the arrears would be wiped out. This was how the scheme was really thought of.

Now, if you add to the cost of ammonium sulphate (the price at which the F.C.I. sold it to them) Rs. 4,000 prorated per bag of ammonium sulphate, it will bring the price to a level greater than the price at which it can be statutorily sold. How do you expect him to sell at that price? F.C.I. were abetting in black market transactions. The dealer would naturally be expected to sell above the controlled price. Therefore, selling above the controlled price is a contravention of Essential Commodities Act. And therefore, the officers devised the scheme which was an abetment of an offence under the Essential Commodities Act. What I am trying to say is this. Here, they had to pay a certain sum of money for the ammonium sulphate per tonne. Suppose 20 tonnes were to be carried in a wagon. If you divide 4,000 by 20

26. The attention of the Committee was also invited to the reply given to Lok Sabha Unstarred Question No. 4966 on the 27th July, 1977 on the subject wherein it had been stated that the Government had not yet taken a final view in the matter.

27. In view of the reasons advanced by the Government, the Committee agree to drop the assurance.

28. The Committee have considered the reasons advanced by the Government for dropping of the assurance mentioned at Serial No. (2), under para 23, above. The Ministry of Agriculture and Irrigation had represented in a note to the Committee through the Department of Parliamentary Affairs that the collection of information in respect of this assurance was a lengthy process and time consuming. It was likely that States might take considerable time in supplying the information. The Ministry had further represented that Government had stated only the factual position as it obtained then and had no intention to give any assurance.

29. After considering the reasons advanced by the Government, the Committee agree to drop the assurance.

30. The Committee have perused the reasons advanced by the Government for dropping of the assurance mentioned at Serial No. (3), under para 23, above. The Ministry of Industry had stated in a note submitted to the Committee through the Department of Parliamentary Affairs that the answer to part (c) of the question given on the floor of the House was only by way of elucidation to high-light the efforts being made by the Government and it was not the intention of the Government to give an assurance. The Ministry had further represented that Government was constantly reviewing the price structure of different range of power tillers being manufactured in the country. All-out efforts were being made to bring down the prices of power tillers. The Ministry had also stated that recently Government in the Central Budget presented to Parliament had proposed to exempt power tillers from the levy of general excise duty of 1 per cent

31. Considering the reasons advanced by the Government, the Committee agree to drop the assurance.

V. POSITION OF PENDING ASSURANCES PERTAINING TO
FOURTH, FIFTH AND SIXTH LOK SABHA

32. A statement showing the position of assurances pertaining to Fourth, Fifth and Sixth Lok Sabha pending implementation by the Government as on the 24th August, 1977 is given at Appendix-II. The Committee would like the Ministries/Departments concerned to make earnest efforts to implement expeditiously all the assurances of Fourth and Fifth Lok Sabha which have been pending for a considerable period of time. The Committee would also like to urge upon the Ministries/Departments concerned to make every endeavour to implement the pending assurances of First and Second Sessions of Sixth Lok Sabha as early as possible.

NEW DELHI;

YAGYA DATT SHARMA,

November 8, 1977.

Chairman,

Kartika 17, 1899 (Saka).

Committee on Government Assurances.

17. The Committee note that the Director (Production and Marketing) of the Fertilizer Corporation of India devised the scheme for the liquidation of outstandings from the fertilizer dealers and before implementing that scheme took advice of the former Solicitor-General. Later on, however, it was felt that in devising the scheme Essential Commodities Act had been contravened and therefore a CBI enquiry was ordered. The investigations did not lead to the conclusion of 'the integrity being suspected' of the concerned officers and the Law Ministry which was also consulted in the matter felt that 'bonafides of the officials are well proved because before they devised the scheme they took the legal advice'. The Committee was informed that the Director (Production and Marketing) and other officers had acted imprudently.

18. The Committee feel that the root cause of entire incident was perhaps due to the absence of financial procedure or slackness on the part of officers to adhere to the laid down procedure, as credits to dealers were given without suitable bank guarantees. As stated by the Ministry's representative, the amount of Rs. 13-14 lakhs involved in the irregular transactions over a period of three or four years may not be much as compared to the annual sale of Rs. 800 crores of the Corporation, but in the view of the Committee these facts do indicate that there is some lacunae either in the financial procedure or in its implementation. They, therefore, suggest that a review of the entire financial system of the Fertilizer Corporation of India be undertaken with a view to remove lacunae, if any, and to strengthen the system. They hope strict compliance of the financial procedure in such transactions will be stressed upon the concerned officers.

19. The Committee have been informed that information in fulfilment of the two assurances have since been laid on the Table of the House on the 17th November, 1977.

CHAPTER II

- (i) *Delay in implementation of an assurance given in reply to Unstarred Question No. 1463 on the 29th March 1976, regarding auction of damaged seeds by National Seeds Corporation.*

20. The Committee had earlier reviewed this assurance in regard to the delay in implementation of the assurance given in reply to Unstarred Question No. 1463 on the 29th March, 1976 (Appendix III) regarding auction of damaged seeds by National Seeds Corporation along with other assurances pending on the dissolution of Fifth Lok Sabha at their sitting held on the 22nd August, 1977. The Committee *vide* para 3 (Sl. No. 26) of the Minutes of the Sitting held on the 23rd August, 1977, contained in the First Report, Sixth Lok Sabha, presented to the House on the 22nd December, 1977, had observed as under:

“The Committee were informed that a request seeking further extension of time upto the 30th September, 1976 for the implementation of the assurances had been received from the Ministry of Agriculture and Irrigation through the Department of Parliamentary Affairs (*vide* their U.O. dated the 23rd July, 1976). The period of extension was already over long ago. Yet, neither the assurance had been implemented nor further extension of time requested for by the Government. The Committee were surprised to note that progress made in the matter of collection of the information had also not been communicated to the Committee. The Committee took serious note of this case and the lack of sense of urgency and importance disclosed in the matter of implementation of this assurance. They desired to know the reasons in detail for the delay in the implementation of the assurances, especially when the information sought related to a single central organisation.”

21. On 2-11-1977, the Ministry in their written note furnished to the Committee stated:

“In order to fulfil the Assurance, the following information was asked for by the Department of Agriculture from the National Seeds Corporation:—

- (i) the quantity of seeds condemned by the Corporation in the years 1972-73, 1973-74 and 1974-75;
- (ii) quantity of the condemned seeds sold during the three years in question, yearwise;

- (iii) realisation from the sale of the condemned seeds, yearwise;
- (iv) the book value (cost of production) of the above mentioned seeds;
- (v) consequent losses suffered by the Corporation yearwise.

The Corporation intimated that while information regarding the quantity of seed condemned during three years and the cost of production thereof was available, they did not have the figures of the quantity of the condemned seeds auctioned during a particular year. Only the amount realised from the sale of the condemned seeds in a year was available but it could not be correlated to the quantity of seeds condemned during that particular year and it was not possible to give the exact amount of loss suffered by the Corporation on account of the sale of the seeds condemned during a particular year for the following reasons :—

- (i) The Corporation did not maintain the figures of the quantity of damaged seeds auctioned in a year at its headquarters office;
- (ii) only figures relating to the amount realised from the sale of the condemned goods disposed of in a year were available at the headquarters;
- (iii) The amount realised from the sale of the condemned seeds in a year could not be correlated to the value of seeds condemned by the Corporation during that year because—
 - (a) the quantity auctioned in a year included the condemned seeds carried over from the previous year;
 - (b) It was not possible to dispose of the seeds condemned in a particular year, within that particular year for a number of reasons, e.g., buyers may not be forthcoming at a particular time and the quantity involved may be so small that it does not attract buyers or the buyers do not purchase the entire quantity but only a part of it. Further, the Corporation also pointed out that the condemned seed is not stored in yearwise lots and it becomes very difficult to correlate the quantity of the damaged seed sold in a particular year to the cost of production of the seeds condemned in that particular year.

Since this was a very unsatisfactory position, and it was considered necessary to find out at least the quantity of seeds disposed of by the Corporation in a year and not merely the value realised by the sale of condemned seeds, the Corporation was again asked to furnish this information if necessary, by collecting it from its Regional Offices, Sub-offices, Farms and Sub-Units.

The Corporation intimated that the information asked for by the Department of Agriculture will have to be collected from the original accounts and vouchers maintained by the Regional Offices, Sub-Offices, etc., which would involve considerable time and efforts. As it was not possible to fulfil the Assurance satisfactorily without this information, the Corporation was asked to collect the information from its Regional|Sub-Offices, Farms and Sub-Units.

As there are more than 80 such Sub-offices and the information has to be collected from the Original records which involves going through a large number of vouchers and ledgers etc., the Corporation has not so far been able to furnish complete information in this respect to the Department of Agriculture in spite of repeated reminders."

22. The Committee took the evidence of the representatives of the Ministry of Agriculture and Irrigation in this connection on the 7th November, 1977.

23. At the out set the Ministry's representative during evidence, explaining position of the case stated:

*"The National Seeds Corporation has about 80 sub-offices and some farms. If there is a proposal from any of these sub-offices and farms that a certain quantity of seeds has been damaged and its productivity has decreased from its specified productivity and so it may be declared as condemned, we give them the permission to do so. Thereafter, by inviting tenders there itself or by some other way the seed is disposed of. Its information is sent to the Regional Office. We have 9 Regional offices. The Regional Offices informed the Head Office about the value of the seeds thus disposed of.

At that time the difficulty was that the quantity of the seeds disposed of was not shown on the Balance Sheet as per the system of accounts of National Seeds Corporation. Instead, only the value of the seed disposed of was shown. It is not necessary that the entire quantity of seeds declared as condemned in a year is disposed of during that year itself. If the prices are not found attractive, it is disposed of during the next year. The hon'ble Member wants to know the quantity and the value of the seeds disposed of and the loss incurred in a particular year. In order to fulfil the assurance given by the Deputy Minister the Headquarters of the Corporation must have the information as to how much seed was disposed of. If there

*Original in Hindi.

is any loophole in the accounting system, it should be plugged. I am glad to inform you that we have collected all the information and we have prepared the answer also. The Minister is abroad at present. As soon as he returns from there we will fulfil the assurance with his permission. I express my gratitude to the Hon'ble Member who had asked this question because it is due to his question that instructions have been issued to plug the loopholes in the system."

24. The Committee enquired whether the loss suffered was in terms of the value of the seed damaged, the Ministry's representative stated:—

*"The information asked for and the answer I am giving relate to the quantity of the damaged seed which was disposed of; its book value and the value actually received. But it does not mean that there was no more damaged seed."

25. Asked what was the total quantity of the damaged seeds and the quantity out of that disposed of, the Joint Secretary of the Ministry stated:—

*"The figures are available with us. There is some difficulty in tallying these figures. Supposing, we say that 100 quintal seed has been declared as condemned in a year and next year 50 quintal seeds has been declared as condemned. This entire quantity of condemned seed will be stored at one place as there is no system of storing the condemned seed of different years separately. So, the entire quantity will be put to auction. Now supposing 125 quintal of seed was sold out and 25 quintal remained unsold. This would be put to auction next time. So in the absence of proper account of all this it was difficult to give the information year-wise regarding the quantity of seed condemned and the quantity disposed of. So we asked them to furnish information about the total quantity of seeds, its book-value, the value actually received and the loss incurred."

26. Asked what was originally the quantity of seeds and how much was disposed of out of it, the Ministry's representative stated that figures right from 1963 onwards would have to be collected.

27. The Committee drew the attention of the representative of the Ministry to the answer given by the Minister to the question wherein he had stated that seeds movement was being organised on scientific lines in order to reduce transit period, observed that the Seeds Corporation had

been functioning for the last more than 10 years but it had not been able to estimate the period after which the utility of the seeds was lost. Therefore, it could not be found out up to what period the productivity remained intact.

28. The Committee further pointed out that it had been stated in the reply that no estimate of total quantity released and quantity disposed of was prepared in the headquarters, but the data was maintained in regional offices, farms or in sub-offices. As the data was not maintained by the headquarters, they would not be able to maintain their supreme managerial position. Secondly, if the data regarding the quantity allocated for sale and the quantity damaged was not available, there would be no basis to calculate profit and loss. The reply given reflected the state of mismanagement. In reply, the Joint Secretary of the Ministry stated:—

*“The first point is that the Corporation, on the basis of its past experience, should have formulated some rules of thumb as to how movement and storage would be done so that loss could be minimised. The Corporation started functioning on a very small basis. Subsequently, it was felt that India is a very big country and the agro-climatic situation here is very diverse. Seeds are produced in Vijaywada in South and are sent to Bihar for use. They are transported by train. Sometimes due to dislocation of train service the seeds do not reach in time and sometimes they get damaged by rains. As a matter of principle it should be safe to send the seeds in sealed wagons but in actual practice it was found that this method is not appropriate. For example, it costs Rs. 12 per quintal to send the seeds by train. Although it costs Rs. 30 to Rs. 32 per quintal to send the seeds by road, but the seeds sent by road reach their destination safely and more quickly and the farmers get them in time also.”

29. As regards the record of figures of damaged seeds etc., the witness stated:—

*“All this should be available with the Accountant of Head Office. I had gone through their Balance Sheet. They are maintaining all statistics properly. There is a Head of account called Miscellaneous Income under which the sale proceeds of auctioned seeds and other miscellaneous items are kept. Under the Miscellaneous Head the amount of sale proceeds was shown, but the quantity was not indicated, that was the only omission. Now they have agreed to mention the quantity also

*Original in Hindi.

in future. The quantity of seeds condemned and that of auctioned should be indicated separately every year so that it could be examined if the balance works out correctly or not, so that there is no pilferage of seeds."

30. With regard to loss suffered by the Corporation the witness stated:

*"While calculating cost a margin of 2 per cent loss for self-pollinated crops and 4 per cent loss in case of hybrid-cross-pollinated crops is kept. I wanted to know whether the losses ranged between 2 to 4 per cent or not. From the figures shown to me it appears that the losses have been less than 2 per cent. In 1972-73 the seeds worth Rs. 654 lakhs were sold and the loss incurred was 1.11 per cent. And the next year seeds worth Rs. 780 lakhs were sold and the loss was reduced to 0.18 per cent only. After that seeds worth Rs. 1403 lakhs were sold and the loss incurred was 0.85 per cent. Thus the overall loss has been within the limits. Even then our effort should be to keep the loss at minimum."

31. In reply to a query that the percentage of loss might have been less, but the amount of loss could be more, the witness stated:

*****You are aware that the paddy seed has been selling at about Rs. 150 per quintal, Jute seeds at Rs. 700 per quintal. Millet seeds at about Rs. 400 per quintal and hybrid maize seeds at Rs. 300 to Rs. 400 per quintal. If the quantity remains the same but the quality differs then it must affect the price. It is also not necessary that the seeds sold are of that very year, they may be of the last year. Though it is difficult to relate the production to a particular year, but it certainly helps us to find out the book value of the seeds sold and the amount of loss incurred in a particular year."

32. In response to the Committee's query that when the accounts in 9 regional offices were audited whether there was no such objection from the audit that this particular requirement was not being fulfilled in the accounts, the Financial Controller, National Seeds Corporation, informed the Committee:—

*"The local audit party checks the entries relating to quantity. They also reconcile the amount of value realised. If they find any discrepancy therein they would certainly bring it to our notice.

The Balance Sheet is prepared in accordance with the Schedule of the Indian Companies Act, and the auditors make their

comments as to whether it has been prepared in accordance with it or not. According to that it is not necessary to show quantity in the Balance Sheet, but the value is required to be shown. So the question of their making any comments regarding the quantity does not arise. If the correct quantity is not shown in the stock-account, they would certainly bring it to our notice and we would investigate into it."

The Joint Secretary of the Ministry elucidating the point further stated:

*"You would be pleased to know that it was one such Corporation whose accounts are quite upto date. Its audit is conducted according to prescribed time-schedule. The accounts are audited by two-media. On the one hand it is conducted by the auditor posted by C.&A.G. who audits every item according to rules and regulations. Then audit is also conducted by the staff of A.G. office deputed there by C&AG and they go to any regional office they desire and conduct audit. We do not approve the Balance-sheet merely on the basis of the auditor's report. But when the C&AG forwards the report with the remarks that they approve the Auditors' reports *in toto* or with some modification, we place it before the Board of Directors or the General Body."

33. In a written note furnished to the Committee about the accounting system that existed in the National Seeds Corporation, the Ministry of Agriculture stated:

"The National Seeds Corporation is, no doubt, an independent autonomous public sector undertaking, which has its own accounting system, nevertheless it has been pointed out to them that the information regarding the actual quantities of condemned seed sold in a particular year should be readily available at its headquarters. In fact, the accounting system must have built-in provisions to ensure the regular flow of such information. To the extent that such information is not forthcoming, or solicited by the headquarters of the Corporation, it must be conceded that a basic flaw exists in the accounting system itself, as no attempt at performance oriented budgeting can be made on the basis of information which only gives the sale proceeds realised and not the quantum involved. The Corporation have been addressed in this regard by the Department of Agriculture and advised to remove this deficiency."

34. The Committee drew the attention of the representative of the Ministry to para 8 of the Ministry's note dated 2-11-1977 (quoted in

*Original in Hindi.

para 33 above) wherein it had been stated that "it must be conceded that a basic flaw existed in the accounting system itself", and asked whether the Financial Controller thought it proper that there should be a particular procedure for a particular type of account, the Financial Controller stated:

*"What you have stated is correct. We should also keep accounts of the quantity. We have also tried to maintain such an account but we have not been able to be fully successful in it due to the reasons stated by Mr. Sodhi that the seeds condemned in a particular year are sold in some other year. Small quantities of condemned seeds lie at different depots and from there they are collected and stocked at some other places and disposed of. At the regional level every effort is made to have a control over it and care is taken to see that there is no bungling in the stock, although this stock is not shown in the Balance Sheet and only its value is indicated.

The other point which you have asked is about the Audit comments. In this regard it may be submitted that there could be comments as to why it was condemned, was it in excess or in less quantity etc. But to my knowledge there is no such information that some quantity of seeds was found missing or there was any shortage."

35. When the Committee pointed out that the Ministry had informed that the account of quantity was not maintained as there was no column for it in the forms and asked whether the form had been changed now and necessary provision made for it, the Financial Controller stated:

*"There is no such provision in the old form but arrangements have been made to keep its account separately. A separate statement of quantity would be prepared and sent to us. In future a complete account of this quantity would be maintained in the Head Office.

We would not be able to change the whole accounting system. There is no provision to show quantity in the form but we would be able to make that information available."

36. The Committee are surprised that the National Seeds Corporation did not maintain at its headquarters the figures of the quantity of the condemned seeds auctioned during a particular year and the figures of the amount realised from the sale of the condemned seeds in a year could not be correlated to the quantity of seeds condemned during that year. It was, therefore, not possible for the Corporation to indicate the exact amount of loss suffered by it on account of the sale of seeds condemned during a

particular year. In such circumstances the Committee are at a loss to understand how the Corporation had been able to calculate correctly its annual profit or loss. The Committee would like to emphasise in this connection that the record of quantity and value of seeds damaged/condemned in a particular year and of the damaged seeds sold during that period should be kept separately and this should be appropriately shown in the Annual Balance Sheet so as to give a correct picture of the position.

37. The Committee are also constrained to note that the flaw that existed in the accounting system of the Organisation could not be detected during the long period of existence of the Corporation and it came to light only when Government had to collect information for fulfilling an assurance given by the Minister of Agriculture and Irrigation on the floor of the House. They hope that the procedure now adopted will meet the needs of a commercial undertaking, like National Seeds Corporation, and all essential data will in future be available for scrutiny and information of concerned authorities.

38. When the Committee enquired whether the seeds were condemned for seeds purposes only which meant that they had lost their productivity, or it also meant that they got rotten by rains and had become unfit for human consumption, the Joint Secretary of the Ministry clarified the position as under:

*"We declare the seed condemned on number of grounds. Firstly, when the seed losses its productivity, secondly, when the seed becomes obsolete and there is no demand for it. For example, suppose previously Hybrid variety 1 was in demand, then comes variety No. 2 followed by variety No. 3 and then an absolutely new variety comes in the market. This makes the previous variety obsolete and there is no demand left for those varieties in the market, and hence the seed is declared condemned. Thirdly there is a possibility that the seed losses its productivity because of its remaining unused for a long period. Even if it contains its productivity it fails to sprout a stronger or viable plant. This is on these grounds that the seeds are declared condemned.

Secondly, ordinarily the seeds are treated with poison which render them unsafe for human consumption. The seed is washed and warning to that effect issued in the newspapers that the seed in question is not meant for human consumption and could be used only for starch making. The seed treated with drugs loses the effect of those drugs after a period of

*Original in Hindi.

three or four years and after that it can be used as poultry feed. I may tell you that when we auction the seed, the successful bidder has to give a certificate to the effect that he has been informed that the grain has been treated with poison and as such is unfit for human consumption. Thus there are certain set rules which are observed in matters of such seeds and ordinarily there is no question of such seeds being used for human consumption."

39. When further asked whether it was possible that such seed might be sold to the ordinary foodgrain dealers, the Managing Director, National Seed Corporation, stated:

*"We are not doing this and we try not to sell them to the small traders. When agents from starch factories purchase this seed, it becomes difficult to keep a track over the seed and to find out where the same has been taken. But it remains our effort to see that such seed is not released for human consumption."

40. To a question, whether private traders got the damaged seeds passed in connivance with the dealing officials and what arrangement had been made to see that such things did not take place, the Joint Secretary of the Ministry replied:

*"You got the point. We came across such incident when the seed was supplied from the State to another State, the certification authority there noticed that during the actual use of the seed by the farmers it was found that the seed did not possess the productivity which was declared to have been possessed by them. In this regard at the Central level we are contemplating to bring about some sort of modification in our Central Seed Act to provide for the removal of recognition of certification authority of a State in whose case our officials find that the Authority has been frequently certifying such seed which have not been of required quality. You must have seen that if a university, which is not empowered to confer MBBS degrees, does confer such degrees the persons possessing these degrees are not accepted as doctors. We are contemplating to bring about this sort of modification in our law and we are trying to obtain our law department's opinion as to how this should be done. We are thinking on the lines that if some certification agency is found to be frequently misrepresenting the quality of seeds in the certificate issued by it and

also its work is not found to be satisfactory, its recognition could be withdrawn."

41. The Committee took notice of the statement made by the representative that the licence of the certification authority would be cancelled who would frequently misrepresent the quality of seeds. The Committee observed that no law provided for ignoring mistakes committed only once. If some certification authority misrepresented the quality of seeds in its certificate only once, it should not be allowed to go scot free.

42. In reply to a query whether there was some cell in the Central Agricultural Department to test the desired productivity of seeds, the Joint Secretary of the Ministry state:

*"In the Indian Agricultural Research Institute there is a seed Technology Wing which handles this work. It has a laboratory and it is member of International Seed Testing Organisation. In case of a dispute in respect of the productivity of the seed between any two States or any two organisations the case is referred to the said wing and this wing acts as a reference and settles the dispute after carrying out necessary tests."

43. The Committee desired to know whether in disputed matters, laboratory was the standardizing agency or there was any other functional cell at Ministry level which examined whether the seed damaged was really marked as damaged or was declared to be so and whether there was any agency to see that only the quantity of the seed marked damaged was released and no seed was declared damaged unduly. The Ministry's representative stated:

*"This is a very important question. My reply to the Hon'ble Chairman's earlier question related to technological aspect of the matter and in this respect technological wing finds out as to how the life of seed can be increased. It is possible that there is bungling and good seed is declared as damaged and auctioned. This matter will be looked into."

44. The Committee then observed that this resulted in two way loss, on the one hand seed was damaged and on the other hand needy farmers were deprived of good seeds. The Joint Secretary of the Ministry agreed to it.

*Original in Hindi.

45. The Committee enquired whether the Ministry had any agency to keep watch over such affairs, the Managing Director, National Seeds Corporation, stated :

*"We have one Condemnation Committee. It has fixed some norms which are known to whole of the staff. When productivity of some particular seed is reduced, it is tested. As, in the case of wheat the productivity should be 85 per cent and after testing, if it is found to be 82 per cent the seed is not sold. Instead, it is put under another test, and suppose in second test also productivity is found to be less, the seed is subjected to the third test because some time wrong sample is received for the test and if there is some doubt, it has to be removed. If the productivity is further lessened from 82 per cent to 75 per cent it is put under third test and final decision is taken. Such like norms have been fixed. If in the very first test it is found that the productivity of the seed is 50 per cent, then after the second test only the decision is arrived at. These are some of the norms which are applied before allowing the seeds to be placed, in any particular category."

46. The Committee pointed out that if the results were according to the norms fixed then it was alright; but if the results were abnormal, there must be something wrong in the matter. To keep a watch over such things, opening of a cell at the Central level should be considered and the Ministry should not depend only on the Condemnation Committee. The Managing Director replied;

"We have seen from our experience that percentage remains normal. For example, in the case of wheat one percentage damage is considered normal. If the percentage is higher, then we think that there is some thing wrong. In case of foundation seed, this percentage has to be fixed on higher level, i.e. 5 per cent."

47. In response to the observations of the Committee that there should be some such arrangement that the seed kept in the godown were taken out within a specified period or otherwise it would be damaged, that the account of good damaged seed should be kept meticulously and a Senior Inspector of the organisation should also be appointed, who should, after a period of 15 days or one month, go and check as to how much quantity was released, how much was returned, etc. the Joint Secretary of the Ministry stated:

*"Normally the seeds produced should be sold by the next sowing season. If it is not sold that means that seed will have to be kept till the next season. That becomes a matter of concern."

Two days before a meeting of the Board was held and it was intimated there that so many quintals of paddy seed could not be sold. I showed my concern and told them that consumption of the paddy seeds in the country is far less than the required extent and had the National Seeds Corporation tried with zeal and devotion, the whole quantity of the seed could have been sold. Now if it has not been sold then they should think of adopting some special programmes so that the sale of the remaining quantity of the seed is ensured by the next season. In this way the Board considers over this aspect. Secondly, there is a quality control wing in the head quarters of National Seeds Wing. It has its own staff and surprise checks of the godowns are made by them. Samples are taken by them for checking the quality. This staff also checks the quantity and the arrangements made regarding the storage and submits its report. Though these members of the staff are not very senior officers but they report in detail and that report is seen by the Chief of Production, the Chief of Quality Control and the Managing Director. All these three officials put their signature on the report. This is one way of checking.

You have rightly said that every godown should be checked by some officer and it should be found out whether there is any godown which has not been checked for the last three months. We send our quality control team there. This work of Quality Control is being done for the last three or four years, which is being given due importance. I do agree with you that it deserved to be given due importance."

48. The Committee hope that the Ministry will ensure that the machinery created or the procedure adopted for the condemnation of seeds is adequate and that the seeds are not declared damaged or condemned without proper investigation and certification. They feel that the damaged seeds and the seeds condemned due to deterioration in quality should be stored separately and the damaged seeds should be properly graded before they are sold or auctioned. It must also be ensured that the seeds marked "unfit for human consumption" are not sold by unscrupulous dealers for human consumption.

The Committee would also like the Ministry and the Corporation to review the storage facilities for seeds in the country and see that the seeds do not get damaged for want of adequate and proper storage facility and losses on this account are minimised.

49. The Committee pointed out to the representative of the Ministry that the assurances given on the floor of the House should be fulfilled

within the prescribed time limit and if due to certain practical reasons it was not possible, the Ministry could ask for more time. Asked whether any arrangements had been made to set up a cell in this regard in the Ministry, the Joint Secretary of the Ministry stated:

*"We have taken three steps in our Departments in this regard. After that incident we have tightened our Parliament Section.

They not only apprise Divisional Heads of the position every month, but also submit a statement to the Secretary showing the details of assurances made which are lying unfulfilled. Our Secretary holds a meeting of officers every month and a statement is placed before him showing the number of assurances lying unfulfilled in each division under a joint Secretary and also the period for which it is lying pending so that every assurance may be reviewed in the meeting. There is a practice in our Department that we hold an internal meeting with our officers and review all cases before going to attend a meeting with the Secretary of Agriculture Department. It makes our officers vigilant towards their duty as we have to explain our position in the meeting with the Secretary. I am fully confident that with this arrangement, past mistakes will not be repeated."

50. The Committee are happy to note that the Ministry of Agriculture and Irrigation have taken adequate steps to tighten their machinery for the timely implementation of assurances given on the floor of the House. The Committee desire that the Ministry of Agriculture and Irrigation as also all other Ministries/Departments of Government of India should ensure that the assurances given on the floor of the House are implemented within the stipulated period of three months. If there is any practical and genuine difficulty in implementing any assurance, Ministries/Departments should approach the Committee for extension of time giving the detailed reasons for delay in the implementation of the assurance.

51. The Committee have been informed that information in fulfilment of this assurance has since been laid on the Table of the House on the 22nd December, 1977.

*Original in Hindi.

(ii) *Position of Pending Assurances Pertaining to Fourth, Fifth and Sixth Lok Sabha*

52. A statement showing the position of assurances pertaining to Fourth, Fifth and Sixth Lok Sabha pending implementation by the Government as on the 24th February, 1978 is given at Appendix-IV.

The Committee would like the Ministries/Departments concerned to make earnest efforts to implement expeditiously all the assurances of Fourth and Fifth Lok Sabha which have been pending for a considerable period of time. The Committee would also like to urge upon the Ministries/Departments concerned to make concerted endeavour to implement the pending assurances of First to Third Sessions of Sixth Lok Sabha as early as possible.

YAGYA DATT SHARMA,

Chairman,

Committee on Government Assurances.

NEW DELHI;

April 5, 1978

Chaitra 15, 1900 (Saka)

MINUTES

Fourth Sitting

The Committee sat on Monday, the 7th November, 1977 from 11.00 to 12.00 hours.

PRESENT

Shri Yagya Datt Sharma—*Chairman*.

MEMBERS

2. Shri Ram Kanwar Berwa
3. Shri Ram Prasad Deshmukh
4. Shri N. P. Kesharwani
5. Shri Kunwar Mahmud Ali Khan
6. Shri Chaudhary Motibhai
7. Dr. R. Rothuama
8. Shri Mritunjay Prasad

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions*

Shri D. N. Gadhok—*Senior Examiner of Questions*.

WITNESS EXAMINED

Shri S. Krishnaswami—*Secretary, Ministry of Chemicals and Fertilizers*.

2. The Committee took evidence of the Secretary, Ministry of Chemicals and Fertilizers in regard to the delay in the implementation of the following two assurances:

- (i) Assurance given in reply to USO No. 1046 on the 21st November, 1972 regarding complaints against the Director-in-charge of Marketing, Fertilizer Corporation of India; and
- (ii) Assurance given to supplementaries on SQ. No. 307 on the 13th March, 1973 regarding charges of corruption against the Managing Director and Director of Production, Fertilizer Corporation of India.

3. At the outset, the Secretary, Ministry of Chemicals and Fertilizers while explaining the reasons for delay in the implementation of the two assurances stated:

“Serious complaint had been received in 1973. It was referred to the CBI. CBI gave the report in July, 1974. It was referred to under the procedure to the Central Vigilance Commission and their recommendation was received in June, 1975. There was a substantial change. The CBI recommended prosecution of the officer. The Central Vigilance Commission did not agree with the recommendation and they said it was not justified.

Since this was a serious matter where the CBI recommended prosecution and CVC said prosecution was not justified, the matter had to be carefully looked into. We received the advice of the Law Ministry in the month of January, 1976. Again the Minister was not happy with the recommendation of the Law Ministry. So, it went back to the Law Ministry in February, 1976 and the advice of the Law Minister came in July, 1976. The Law Minister differed from his Ministry and he said again that the prosecution was justified. It became complicated.

We had to go to the Home Ministry for sanction of the prosecution. The Home Ministry also felt that prosecution was not justified. So, it had to be re-examined. While this was going on the Government changed and again the whole thing had to be done by the new Ministry. The present Law Minister finally examined it thoroughly and said that he was in agreement with the CVC that prosecution was not justified, but departmental action must be taken. That is how we took so much of time.

Departmental proceedings have been instituted. So, a few days back the assurance had been fulfilled.”

4. The Chairman observed that according to the facts furnished by the Ministry, the assurance was given in November, 1972, the case was referred to CBI in 1973 whose report was received in July, 1974. It was referred to the Central Vigilance Commission in April, 1975. Therefore, after receipt of the report from CBI, the Ministry took 9 months to decide to refer the report to Central Vigilance Commission. After receipt from CVC it was referred to Ministry of Law in 1976. In January, 1976, the comments of Law Ministry were received and again it was referred to Law Ministry. All this created a doubt as to whether there was any deliberate delay and whether the processing and implementation of the assurances had been taken by the Ministry in a casual manner. The

Committee had to be satisfied that there was no concealment of facts in this whole process.

5. The Secretary, Ministry of Chemicals and Fertilizers, replied:

"I did not want to mention earlier, but I want to mention now that we have taken utmost care. The final decision that we have taken is with the approval of the Prime Minister whether there has been any collusion on the part of the Ministry to save the officer. This angle was there. Therefore, this is a case which is not normally required to go to the Prime Minister."

6. As regards gap of 9 months between the receipt of Report from CBI and reference to CVC, the Secretary stated that the Ministry had to examine the case and also to consult the Law Minister.

7. Asked as to why this process could not be done before the receipt of the report from CBI, the Secretary replied:

"Under the procedure before we can refer this case to the CVC we have got to consult the Law Ministry. The Law Ministry was, in fact, consulted before we referred the matter to CVC in April, 1975."

8. To a question, whether the case was also referred to the then Prime Minister, the Secretary, Ministry of Chemicals and Fertilizers stated as follows:

"No orders were passed. It was with her for three or four months. The file came back after the changes. Even earlier when the previous Law Minister said about prosecution, since sanction of the Home Ministry was required, we went to the Home Ministry. They did not agree that this is a case where prosecution is justified. Then two ministries agreed to place the matter before prime Minister. For 3 or 4 months it was with the Prime Minister. But, before anything could be done, the Government changed. Therefore, the files came back without orders from P.M. Therefore, the new Government had to examine it. It went to the Law Ministry. They concluded that prosecution was not justified. There was agreement of Law Ministry, Ministry of Petroleum, and also CVC. The Prime Minister has seen and finally agreed to the course of action suggested. Actually these officers acted with enthusiasm but acted imprudently, there is no *malafide* intention, there is no intention to contravene any provision of the law."

9. The Chairman pointed out that the function of the Committee was to watch the timely implementation of the assurances given on the floor

of the House. The Committee were of the view that justice delayed is justice denied. Therefore, the main issue involved was that when a Member asked a question in the House and in reply to that the Government promised to do certain thing, and if, the implementation of that assurance took years together then not only the whole nation and Government suffer but as a result thereof the Government would also get a bad name.

10. The Secretary, Ministry of Chemicals and Fertilizers admitted that the implementation of the assurance had taken a long time and it was difficult to justify a case like this but there were peculiar conditions.

11. When the Committee enquired as to how this case was further processed after the CVC had stated that the prosecution was not justified, explaining the entire background of the case, the Secretary, Ministry of Chemicals and Fertilizers, stated:

"There were 11 officers. One * * * was there; he was more responsible than the others. He was Director in the F.C.I. Then there was the Marketing Manager * * * * and Dy. Marketing Manager * * *. The other eight were junior officers. The charge was that in devising the scheme they had contravened the Essential Commodities Act. It was felt that prosecution of the dealers will not succeed unless all these officers were also prosecuted. The Ministry made a recommendation to the CVC and they agreed on that * * * * * were placed on suspension. Suspension order was removed only when CBI stated that their investigations were completed. Our recommendation went to CVC. Since * * * was guilty of imprudent conduct, it was felt that he should not continue to be in charge of marketing. He was, therefore, relieved of his marketing functions.

The suspension orders were removed as the CBI felt that it was no longer necessary to put officers under suspension when the enquiries had been completed. The Central Vigilance Commission took the view that while they broadly agreed with our recommendations from the Ministry side, on the legal aspect of it, they said that the officers responsible * * * * * were the prime movers in the transactions and so the minor penalty on them would only mean a censure which would not be adequate and that a major penalty must be given to them.

This might lead to their removal from service, shall we say, or reduction in rank or stoppage of further promotion. These were the major penalties that came under the category. This was the recommendation that came from the CVC saying that we would agree with the recommendations of the Law

Ministry and that the administrative ministry's view for their prosecution was not justified. They perhaps thought that to give a minor penalty to the officers would be a very lenient punishment and therefore, they wanted that a major punishment should be inflicted on them. Of the eight, two had only carried out the instructions given to them although they changed the instructions given to them by which a certain sum of money was to be collected for making the allocation of fertilizers of 4,000 wagons. The clear instructions were that they must collect the money either by cheque or by a draft. It was an open transaction with the FCI. But, the two of the officers changed the instructions, collected that in cash and kept it with them unnecessarily until an enquiry was started against them; they had failed to credit the money and they were held guilty of temporary misappropriation.

Therefore, it was felt that they should be awarded a major penalty while the other officers may be excused. And no action could be taken against them. In relation to that we discussed the matter further and the Ministry's opinion was also communicated to the CVC. But, in the light of a very categorical opinion recorded by the present Law Minister the CVC changed its earlier recommendation and concurred that except for the two officers who were found guilty of temporary misappropriation, the officers like * * * * * may be given minor penalty. They agreed with our earlier recommendation.

When the matter was placed before the Prime Minister, it was felt that in case we were going to hold enquiry, it would only mean pre-judging an issue whether it should be a major or minor penalty that should be awarded to these officers. It was felt that this should be left to the Commissioner for the Departmental Enquiry to decide what penalty is required; he is empowered to decide whether for all these five officers, departmental action could be taken against or not. It is that action which has now been initiated."

12. Asked to state in brief the charges made against those officers, the Secretary, Ministry of Chemicals and Fertilizers stated:

"Let me explain briefly the transaction. A sum of Rs. 13 or 14 lakhs was due from a number of dealers which had been pending realisation for a long time. Legal action was taken and they were found to be irrecoverable. It was looked into and it was felt that if we were to write off an amount of Rs. 13 or 14 lakhs as irrecoverable then a question might be asked

as to how it happened etc. Though they were looking at the problem of recovering certain arrears, somebody got a bright idea that the allocation of ammonium sulphate which was found to be in greater demand and which was another type of fertiliser, was given over and above the normal allocation due to them. That was based on the understanding that for each wagon of such ammonium sulphate that was given to them, a sum of Rs 4,000 would be paid by them. This was over and above the amounts that were due from the dealers. The idea was that we were to collect the sums from the dealers and credit the same against their arrears thereby the arrears would be wiped out. This was how the scheme was really thought of.

Now if you add to the cost of ammonium sulphate, (the price at which the F.C.I. sold it to them) Rs. 4,000 prorated per bag of ammonium sulphate, it will bring the price to a level greater than the price at which it can be statutorily sold. How do you expect him to sell at that price? F.C.I. were abetting in black market transactions. The dealer would naturally be expected to sell above the controlled price. Therefore, selling above the controlled price is a contravention of Essential Commodities Act. And therefore, the officers devised the scheme which was an abetment of an offence under the Essential Commodities Act. What I am trying to say is this. Here, they had to pay a certain sum of money for the ammonium sulphate per tonne. Suppose 20 tonnes were to be carried in a wagon. If you divide, 4,000 by 20 it gives a figure of 200. So, if you add to the price of the FCI this Rs. 200 per tonne, then the cost is higher than the price at which he can sell.

That is statutorily controlled. Now if somebody were to buy at a higher price, he is not going to sell it at a lower price and incur loss thereby. You are devising a transaction under which the fertilisers will be sold at the controlled price. You devised a scheme in which you only abetted him in the commutment of an offence. This was the charged made. they had no evidence that in doing this, * * * * * or anybody else had taken money. The investigation did not lead to the conclusion of the integrity being suspected. There was nothing in evidence to show that there was corruption. This was just for clearing the arrears due from the dealers but this was shown as a transaction. They could not get any evidence that the dealers had sold it at a higher price. Things that were sold according to the official receipts were shown only as having been sold at the correct price. It is natural,

the CBI said, that whenever anybody sells a controlled commodity, he will give an official receipt for the amount which he would have received. Even if he had received a large amount you cannot expect to get that in evidence. This was that the CBI said that we cannot get evidence. A view could only be taken about the mis-conduct that this could have been sold at a higher price. This was the substance of the charge. It was on that basis that even the CBI said that they must be prosecuted.

I will come to the intermediate stages. Finally, what the present Law Minister said was this. Fortunately, when they had devised the scheme, whether this will be legal or not, the FCI took the advice of the former Solicitor General, Mr. Daphtary well before the transaction was done. Mr. Daphtary said that this would be a perfectly legal transaction. This was what it really came to. So, it was not as if they thought of it later. They had taken the advice of the former Solicitor General, Mr. Daphtary. He said that it was a legal transaction. It is important to note as to what he said. All that he said was about Rs. 13 lakhs which really meant 7,000 tonnes of fertilisers. The FCI that year sold something like 20 lakhs tonnes. When they sold 20 lakhs tonnes in a year this particular transaction concerned the sale of only 7,000 tonnes of fertilisers for Rs. 13 lakhs. There comes a good relationship between a dealer and that particular undertaking. When FCI had come in trouble, that is not unusual for a dealer to come to the aid of that undertaking. In terms of talking of sufala and the fertilisers—it is not connected with the transaction—it is a fact that sufala cannot be sold without the ammonium sulphate. By giving ammonium sulphate, they were enabled to sell sufala taking the total transaction into account.”

13. In response to Committee's query about the recommendation made by the present Law Minister, the Secretary, Ministry of Chemicals and Fertilisers stated as follows:

“He has completely endorsed the view given by Mr. Daphtary which was in the middle of 1972, that is, before the transaction was done. In fact, he said that the *bona fides* of the officers are well proved because before they devised the scheme they took the legal advice. His view is that even earlier the prosecution would have failed.”

14. Asked whether the case was referred to the CBI only after receipt of the notice of a question, the Secretary, Ministry of Chemicals and Fertilisers stated that the matter had already been referred to CBI by the Board of Directors before the notice was received.

15. When asked how the loss of Rs. 13 to 14 lakhs occurred, the Secretary, Ministry of Chemicals, state:

“The loss is that certain credits were given to the dealers. They have to take the fertilisers. This loss is over a period of five to six years before 1962. Suitable bank guarantees were not taken. There was a failure to take adequate steps as a result of which these amounts became irrecoverable.”

16. Asked whether it would be correct to say that money which defaulted by ‘A’ was sought to be recovered from ‘B’, the Secretary replied in the affirmative.

17. The Committee pointed out that the Ministry might not be having any guarantee but could they not pursue if their accounts were correct. The Secretary of the Ministry thereupon stated:

“They were all in the courts. It was all irrecoverable. I have a feeling that the arrears must have been a larger sum than indicated. All possible legal methods have been adopted.”

18. The Committee pointed out that at that time there was slackness in the administration and public was made to suffer for the inefficiency of administration. Agreeing to this “as general statement”, the Secretary stated:

“I really wanted to put it in proper perspective and I should point out, I am speaking from memory, that in a corporation which sells in a year something like 800 crores, an amount of 13 lakhs over a period of three or four years became irrecoverable and it is not such a substantial amount. I would have gone to the board and asked them to write off this amount. Such things happen in normal commercial transactions. I am quite sure that the Board would have asked exactly the same questions that you are now asking; what are the failures in procedures and have adequate steps been taken such as bank guarantee, credential verification, etc.? No malafides had been found; no lack of integrity has been proved; at the same time we could not condone it. That is why we have taken the view that departmental action is justified. Instead of dealing with a simple matter in a simple way, they unnecessarily complicated it.”

19. The Committee asked whether the Ministry were considering to set up a cell to co-ordinate the work relating to assurances and to ensure their implementation in time. The Secretary, Ministry of Chemicals and Fertilizers, replied that every month all the cases where assurances remained to be fulfilled were put to him and reviewed by him.

(The witness then withdrew).

The Committee then adjourned.

MINUTES

Fifth Sitting

The Committee sat on Monday, the 7th November, 1977 from 15.00 hours to 16.30 hours.

PRESENT

Shri Yagya Datt Sharma—*Chairman*

MEMBERS

2. Shri Ram Kanwar Berwa
3. Shri Ram Prasad Deshmukh
4. Shri N. P. Kesharwani
5. Shri Kunwar Mahmud Ali Khan
6. Shri Chaudhary Motibhai
7. Dr. R. Rothuama
8. Shri Saugata Roy
9. Shri Mritunjay Prasad

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions.*

Shri D. N. Gadhok—*Senior Examiner of Questions.*

WITNESSES EXAMINED

Shri A. J. S. Sodhi—*Joint Secretary, Ministry of Agriculture and Irrigation.*

Shri S. S. Bal—*Managing Director, National Seeds Corporation.*

Shri P. N. Mehrotra—*Financial Controller, National Seeds Corporation.*

Shri Sunil Ahuja—*Deputy Secretary, Ministry of Agriculture and Irrigation.*

2. The Committee took evidence of the representatives of the Ministry of Agriculture in regard to the delay in the implementation of the assurance given in reply to Unstarred question No. 1463 on the 29th March, 1976 regarding auction of damaged seeds by National Seeds Corporation.

3. At the outset, the Committee asked the Joint Secretary, Ministry of Agriculture and Irrigation, to acquaint the Committee with the information he had. The witness explained the position as follows:—

*“The National Seeds Corporation has about 80 sub-offices and some farms. If there is a proposal from any of these sub-offices and farms that a certain quantity of seeds has been damaged and its productivity has decreased from its specified productivity and so it may be declared as condemned, we give them the permission to do so. Thereafter, by inviting tenders there itself or by some other way the seed is disposed of. Its information is sent to the Regional Office. We have 9 Regional Offices. The Regional Offices inform the Head Office about the value of the seeds thus disposed of.

At that time the difficulty was that the quantity of the seeds disposed of was not shown on the Balance Sheet as per the system of accounts of National Seeds Corporation. Instead, only the value of the seed disposed of was shown. It is not necessary that the entire quantity of seeds declared as condemned in a year is disposed of during that year itself. If the prices are not found attractive, it is disposed of during the next year. The hon'ble Member wants to know the quantity and the value of the seeds disposed of and the loss incurred in a particular year. In order to fulfil the assurance given by the Deputy Minister the Headquarters of the Corporation must have the information as to how much seed was disposed of. If there is any loophole in the accounting system, it should be plugged. I am glad to inform you that we have collected all the information and we have prepared the answer also. The Minister is abroad at present. As soon as he returns from there we will fulfil the assurance with his permission. I express my gratitude to the Hon'ble Member who had asked this question because it is due to his question that instructions have been issued to plug the loopholes in the system.”

4. The Chairman referred to the factual note furnished by the Ministry and asked for clarification on the point “the Corporation in turn has informed the Department of Agriculture that it is making special efforts to collect this information and would provide it to the Department. The Joint Secretary of the Ministry stated:—

*“I had written that some time back. Now the information has been collected and I have the answer ready with me.”

*Original in Hindi.

5. In reply to Committee's query whether the loss suffered was in terms of the value of the seed damaged, the Ministry's representative stated:—

*"The information asked for and the answer I am giving relate to the quantity of the damaged seed which was disposed of; its book value and the value actually received. But it does not mean that there was no more damaged seed."

6. Asked what was the total quantity of the damaged seeds and the quantity out of that disposed of, the Joint Secretary of the Ministry stated:—

*"The figures are available with us. There is some difficulty in tallying these figures. Supposing, we say that 100 quintal seed has been declared as condemned in a year and next year 50 quintal seeds has been declared as condemned. This entire quantity of condemned seed will be stored at one place as there is no system of storing the condemned seed of different years separately. So the entire quantity will be put to auction. Now supposing 125 quintal of seed was sold out and 25 quintal remained unsold. This would be put to auction next time. So in the absence of proper account of all this it was difficult to give the information year-wise regarding the quantity of seed condemned and the quantity disposed of. So we asked them to furnish information about the total quantity of seeds, its book-value, the value actually received and the loss incurred."

7. Asked what was originally the quantity of seeds and how much was disposed of out of it, the Ministry's representative stated that figures right from 1963 onwards would have to be collected.

8. The Chairman drawing the attention to the answer given by the Minister to the question wherein he had stated that seeds movement was being organised on scientific lines in order to reduce transit period, observed that the Seeds Corporation had been functioning for the last more than 10 years but it had not been able to estimate the period after which the utility of the seeds was lost. Therefore, it could not be found out upto what period the productivity remained intact.

The Chairman further observed that it had been stated in the reply that no estimate of total quantity released and quantity disposed of was prepared in the headquarters, but the data was maintained in regional offices, farms or in sub-offices. As the data was not maintained by the headquarters, they would not be able to maintain their supreme managerial

position. Secondly, if the data regarding the quantity allocated for sale and the quantity damaged was not available, there would be no basis to calculate profit and loss. The reply given reflected the state of mismanagement. In reply, the Joint Secretary of the Ministry stated:—

*“The first point is that the Corporation, on the basis of its past experience, should have formulated some rules of thumb as to how movement and storage would be done so that loss could be minimised. The Corporation started functioning on a very small basis. Subsequently it was felt that India is a very big country and the Agro-climatic situation here is very diverse. Seeds are produced in Vijaywada in South and are sent to Bihar for use. They are transported by train. Sometimes due to dislocation of train service the seeds do not reach in time and sometimes they get damaged by trains. As a matter of principle it should be safe to send the seeds in sealed wagons but in actual practice it was found that this method is not appropriate. For example, it costs Rs. 12 per quintal to send the seeds by train. Although it costs Rs. 30 to Rs. 32 per quintal to send the seeds by road, but the seeds sent by road reach their destination safely and more quickly and the farmers get them in time also.”

9. As regards the record of figures of damaged seeds etc. the witness stated:—

*“All this should be available with the Accountant of Head Office. I had gone through their Balance Sheet. They are maintaining all statistics properly. There is a Head of account called Miscellaneous Income under which the sale proceeds of auctioned seeds and other miscellaneous items are kept. Under the Miscellaneous Head the amount of sale proceeds was shown, but the quantity was not indicated, that was the only omission. Now they have agreed to mention the quantity also in future. The quantity of seeds condemned and that of auctioned should be indicated separately every year so that it could be examined if the balance works out correctly or not, so that there is no pilferage of seeds.”

10. With regard to loss suffered by the Corporation, the Joint Secretary of the Ministry stated:—

*“While calculating cost a margin of 2 percent loss for self-pollinated crops and 4 percent loss in case of hybrid-cross-pollinated crops is kept. I wanted to know whether the losses ranged between 2 to 4 percent or not. From the

*Original in Hindi.

figures shown to me it appears that the losses have been less than 2 percent. In 1972-73 the seeds worth Rs. 654 lakhs were sold and the loss incurred was 1.11 percent. And the next year seeds worth Rs. 780 lakhs were sold and the loss was reduced to 0.18 percent only. After that seeds worth Rs. 1403 lakh were sold and the loss incurred was 0.85 percent. Thus the overall loss has been within the limits. Even then our effort should be to keep the loss at minimum."

11. In reply to a query that the percentage of loss might have been less, but the amount of loss could be more, the witness stated:—

*" x x x x x You are aware that the paddy seed has been selling at about Rs. 150/- per quintal, Jute seeds at Rs. 700/- per quintal, Millet seeds at about Rs. 400/- per quintal and hybrid maize seeds at Rs. 300/- to Rs. 400/- per quintal. If the quantity remains the same but the quality differs then it must affect the price. It is also not necessary that the seeds sold are of that very year, they may be of the last year. Though it is difficult to relate the production to a particular year, but it certainly helps us to find out the book value of the seeds sold and the amount of loss incurred in a particular year."

12. The Committee enquired when the accounts in 9 Regional Offices were audited whether there was no such objection from the audit that this particular requirement was not being fulfilled in the accounts, the Financial Controller, National Seeds Corporation, replied:—

*"The local audit party checks the entries relating to quantity. They also reconcile the amount of value realised. If they find any discrepancy therein they would certainly bring it to our notice."

The Balance Sheet is prepared in accordance with the Schedule of the Indian Companies Act, and the auditors make their comments as to whether it has been prepared in accordance with it or not. According to that it is not necessary to show quantity in the Balance Sheet, but the value is required to be shown. So the question of their making any comments regarding the quantity does not arise. If the correct quantity is not shown in the stock-account, they would certainly bring it to our notice and we would investigate into it."

The Joint Secretary of the Ministry elucidating the point further stated:—

*“You would be pleased to know that it was one such Corporation whose accounts are quite upto-date. Its audit is conducted according to prescribed time-schedule. The accounts are audited by two-media. On the one hand it is conducted by the auditor posted by C&A.G. who audits every item according to rules and regulations. Then audit is also conducted by the staff of A.G. office deputed there by C&A.G. and they go to any regional office they desire and conduct audit. We do not approve the Balance sheet merely on the basis of the auditor’s report. But when the C&A.G. forwards the report with the remarks that they approve the Auditor’s reports *in toto* or with some modification, we place it before the Board of Directors or the General Body.”

13. The Chairman pointing out to para 8 of the Ministry’s note wherein it had been stated that “it must be conceded that a basic flaw existed in accounting system itself”, observed that it appeared very strange that an administrative officer pointed out the flaw, but the Accounts Officer never noted this. When asked whether the Financial Controller thought it proper that these should be a particular procedure for a particular type of account, the Financial Controller stated:—

*“What you have stated is correct, We should also keep accounts of the quantity. We have also tried to maintain such an account but we have not been able to be fully successful in it due to the reason stated by Mr. Sodhi that the seeds condemned in a particular year are sold in some other year. Small quantities of condemned seeds lie at different depots and from there they are collected and stocked at some other places and disposed of. At the regional level every effort is made to have a control over it and care is taken to see that there is no bungling in the stock, although this stock is not shown in the Balance-sheet and only its value is indicated.

The other point which you have asked is about the Audit comments. In this regard it may be submitted that there could be comments as to why it was condemned, was it in excess or in less quantity etc. But to my knowledge there is no such information that some quantity of seeds was found missing or there was any shortage.”

14. When the Committee pointed out that the Ministry had informed that the account of quantity was not maintained as there was no column

for it in the forms and asked whether the form had been changed now and necessary provision made for it, the Financial Controller stated:—

*“There is no such provision in the old form but arrangements have been made to keep its account separately. A separate statement of quantity would be prepared and sent to us. In future, a complete account of this quantity would be maintained in the Head Office.

We would not be able to change the whole accounting system. There is no provision to show quantity in the form but we would be able to make that information available.”

15. When the Committee enquired whether the seeds were condemned for seeds purposes only which meant that they had lost their productivity, or it also meant that they got rotten by rains and had become unfit for human consumption, the Joint Secretary of the Ministry clarified the position as under:—

*“We declare the seed condemned on number of grounds. Firstly, when the seed loses its productivity, secondly, when the seed becomes obsolete and there is no demand for it. For example, suppose previously Hybrid variety 1 was in demand, then comes variety No. 2 followed by variety No. 3 and then an absolutely new variety comes in the market. This makes the previous variety obsolete and there is no demand left for those varieties in the market, and hence the seed is declared condemned. Thirdly there is a possibility that the seed loses its productivity because of its remaining unused for a long period. Even if it contains its productivity it fails to sprout a stronger or viable plant. This is on these grounds that the seeds are declared condemned.

Secondly ordinarily the seeds are treated with poison which render them unsafe for human consumption. The seed is washed and warning to that effect issued in the newspapers that the seed in question is not meant for human consumption and could be used only for starch making. The seed treated with drugs loses the affect of those drugs after a period of three or four years and after that it can be used as poultry feed. I may tell you that when we auction the seed, the successful bidder has to give a certificate to the effect that he has been informed that the grain has been treated with poison and as

*Original in Hindi.

such is unfit for human consumption. Thus there are certain set rules which are observed in matters of such seeds and ordinarily there is no question of such seeds being used for human consumption."

16. When further asked whether it was possible that such seed might be sold to the ordinary foodgrain dealers, the Managing Director, National Seeds Corporation, stated:

*"We are not doing this and we try not to sell them to the small traders. When agents from starch factories purchase this seed, it becomes difficult to keep a track over the seed and to find out where the same has been taken. But it remains our effort to see that such seed is not released for human consumption."

17. The Committee enquired from the representative whether such cases had happened where seed, supplied by one State to another State, had not been passed by the Seeds Corporation of another State saying that the seed was not of the correct standard or of good quality and loss occurred thereof, the Joint Secretary replied that such difficulty did occur. When enquired further as to who was responsible for this, he stated:

*"National Seeds Corporation is responsible for this. With the passage of time the productivity of the seed goes on reducing. Temperature and humidity affect the seed to a great extent. Scientists are of the view that adverse conditions of temperature and humidity reduce the life of seed. A dry seed if put in a air conditioned room could possibly remain unaffected for years together but if it has to face the ordinary conditions of hot weather and rains, it would soon deteriorate and its productivity would also be reduced. Seed has a life and it breathes like living beings and if it is not kept at the proper place in proper conditions, its productivity is affected adversely. While the seed goes from one State to another State and ultimately reaches the B.D.O. and if the V.L.W. under the B.D.O. does not keep it at proper place in proper conditions and keeps it near a place where wheat infected with weevil is kept, it would also be infected with weevil and would be damaged very soon."

18. To a question, whether private traders got the damaged seeds passed in connivance with the dealing officials and what arrangement had been

*Original in Hindi.

made to see that such things did not take place, the Joint Secretary of the Ministry replied:

*"You got the point. We came across such incident. When the seed was supplied from one State to another State, the certification Authority there noticed that during the actual use of the seed by the farmers it was found that the seed did not possess the productivity which was declared to have been possessed by them. In this regard at the Central level we are contemplating to bring about some sort of modification in our Central Seed Act to provide for the removal of recognition of certification authority of a State in whose case our officials find that the Authority has been frequently certifying such seed which have not been of required quality. You must have seen that if a university, which is not empowered to confer MBBS degrees, does confer such degrees the persons possessing these degrees are not accepted as doctors. We are contemplating to bring about this sort of modification in our law and we are trying to obtain our law department's opinion as to how this should be done. We are thinking on the lines that if some certification agency is found to be frequently misrepresenting the quality of seeds in the certificate issued by it and also its work is not found to be satisfactory, its recognition could be withdrawn."

19. The Committee took notice of the statement made by the representative that the licence of the certification authority would be cancelled who would frequently misrepresent the quality of seeds. The Committee observed that no law provided for ignoring mistakes committed only once. If some certification authority misrepresented the quality of seeds in its certificate only once, it should not be allowed to go scot free.

20. In reply to a query whether there was some cell in the Central Agricultural Department to test the desired productivity of seeds, the Joint Secretary of the Ministry state:

*"In the Indian Agricultural Research Institute there is a seed Technology Wing which handles this work. It has a laboratory and it is member of International Seed Testing Organisation. In case of dispute in respect of the productivity of the seed between any two State or any two organisations the case is referred to the said wing and this wing acts as a reference and settles the dispute after carrying out necessary test."

*Original in Hindi.

21. The Committee desired to know whether in disputed matters, laboratory was the standardizing agency or there was any other functional cell at Ministry level which examined whether the seed damaged was really marked as damaged or was declared to be so and whether there was any agency to see that only the quantity of the seed marked damaged was released and no seed was declared damaged unduly. The Ministry's representative stated:

*"This is a very important question. My reply to the hon'ble Cairman's earlier question related to technological aspect of the matter and in this respect technological wing finds out as to how the life of seed can be increased. It is possible that there is bungling and good seed is declared as damaged and auctioned. This matter will be looked into."

The Committee then observed that this resulted in two way loss, on the one hand seed was damaged and on the other hand needy farmers were deprived of good seeds. The Joint Secretary of the Ministry agreed to it.

22. When Committee asked whether the Ministry had any agency to keep watch over such affairs, the Managing Director, National Seeds Corporation, stated:

*"We have one Condemnation Committee. It has fixed some norms which are known to whole of the staff. When productivity of some particular seed is reduced, it is tested. As, in the case of wheat the productivity should be 85 per cent and after testing it is found to be 82 per cent the seed is not sold. Instead, it is put under another test, and suppose in second test also productivity is found to be less, the seed is subjected to the third test because some time wrong sample is received for the test and if there is some doubt, it has to be removed. If the productivity is further lessened from 82 per cent to 75 per cent it is put under third test and final decision is taken. Such like norms have been fixed. If in the very first test it is found that the productivity of the seed is 50 per cent, then after the second test only the decision is arrived at. These are some of the norms which are applied before allowing the seeds to be placed, in any particular category."

23. The Chairman pointed out that if the results were according to the norms fixed then it was alright; but if the result were abnormal, there must be something wrong in the matter. To keep a watch over such

*Original in Hindi.

things, opening of a cell at the Central level should be considered and the Ministry should not depend only on the Condemnation Committee. The Managing Director replied:

"We have seen from our experience that percentage remains normal. For example, in the case of wheat one per cent damage is considered normal. If the percentage is higher, then we think that there is something wrong. In case of foundation seed, this percentage has to be fixed on higher level, i.e. 5 per cent."

24. In response to the observations of the Committee that there should be some such arrangement that the seed kept in the godown were taken out within a specified period or otherwise it would be damaged, that the account of good and damaged seeds should be kept meticulously and a Senior Inspector of the organisation should also be appointed, who should, after a period of 15 days or one month, go and check as to how much quantity was released, how much was returned, etc. the Joint Secretary of the Ministry stated:

*"Normally the seeds produced should be sold by the next sowing season. If it is not sold that means that seed will have to be kept till the next season. That becomes a matter of concern. Two days before a meeting of the Board was held and it was intimated there that so many quintals of paddy seed could not be sold. I showed my concern and told them that consumption of the paddy seeds in the country is far less than the required extent and had the National Seeds Corporation tried with zeal and devotion, the whole quantity of the seed could have been sold. Now if it has not been sold then they should think of adopting some special programmes so that the sale of the remaining quantity of the seed is ensured by the next season. In this way the Board considers over this aspect. Secondly, there is a quality control wing in the head quarters of National Seeds Wing. It has its own staff and surprise checks of the godowns are made by them. Samples are taken by them for checking the quality. This staff also checks the quantity and the arrangements made regarding the storage and submits its report. Though these members of the staff are not very senior officers but they report in detail and that report is seen by the Chief of Production, the Chief of Quality Control and the Managing Director. All these three officials put their signature on the report. This is one way of checking.

*Original in Hindi.

You have rightly said that every godown should be checked by some officer and it should be found out whether there is any godown which has not been checked for the last three months. We send our quality control team there. This work of Quality Control is being done for the last three or four years, which is being given due importance. I do agree with you that it deserves to be given due importance."

25. The Committee pointed out that the assurances given on the floor of the House should be fulfilled within the prescribed time limit and if due to certain practical reasons it was not possible, the Ministry could ask for more time. Asked whether any arrangements had been made to set up a cell in this regard in the Ministry, the Joint Secretary of the Ministry stated:

"We have taken three steps in our Departments in this regard. After that incident we have tightened our Parliament Section.

They not only apprise Divisional Heads of the position every month, but also submit a statement to the Secretary showing the details of assurances made which are lying unfulfilled. Our Secretary holds a meeting of officers every month and a statement is placed before him showing the number of assurances lying unfulfilled in each division under a Joint Secretary and also the period for which it is lying pending so that every assurance may be reviewed in the meeting. There is a practice in our Department that we hold an internal meeting with our officers and review all cases before going to attend a meeting with the Secretary of Agriculture Department. It makes our officers vigilant towards their duty as we have to explain our position in the meeting with the Secretary. I am fully confident that with this arrangement past mistake will not be repeated."

(The witnesses then withdrew).

The Committee then adjourned.

*Original in Hindi.

MINUTES

Seventh Sitting

The Committee sat on Wednesday, the 5th April, 1978 from 15.00 hours to 15.40 hours.

PRESENT

Shri Yagya Datt Sharma—*Chairman*

MEMBERS

2. Shri Ram Prasad Deshmukh
3. Shri Chaudhary Motibhai
4. Shri Saugata Roy
5. Shri Mritunjay Prasad

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions*

Shri D. N. Gadhok—*Senior Examiner of Questions*

2. The Committee considered their draft Second Report and adopted the same.

3. The Committee authorized the Chairman, and in his absence, Shri Mritunjay Prasad, M.P. to present the Report on Wednesday, the 19th April, 1978.

The Committee then adjourned.

APPENDIX I

(*Vide* para 1 of the Report)

LOK SABHA

**UNSTARRED QUESTION NO. 1046 ANSWERED ON
21ST NOVEMBER, 1972**

Complaints against the Director-in-Charge of Marketing, F.C.I.

1046. SHRI R. P. YADAV: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether Government have been receiving complaints against the Director-in-Charge of Marketing of the Fertilizer Corporation of India from Members of Parliament since August, 1971; and

(b) if so, the action taken by Government thereon?

ANSWERS

MINISTER OF LAW, JUSTICE AND PETROLEUM AND CHEMICALS (SHRI H. R. GOKHALE): (a) and (b). Some allegations have been received in this regard and these are under examination.

APPENDIX II

(Vide para 1 of the Report)

VII SESSION, 1973 OF THE LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS

Date & Reference	Subject	Promise made
Starred Question No. 307, dated 13-3-1973—Supplementary questions by Shri Mohd. Jamulurrahman.	(a) whether it is a fact that there are serious charges of corruption against Managing Director of Fertilizer, Director of Production and inspite of this fact one of them has been appointed as Chairman; what is the progress so far by CBI which is looking into and the reasons for not taking action under D.I. Rules; (b) stating that there have been re-appointment of Private Traders for distribution of fertilizer on the plea of unemployment among educated persons and asking whether it would be investigated that number of persons given agencies on this plea were infiltrators or those who influenced by way of corrupt methods.	(a) The Minister stated that allegations were under investigation. One of the complaints was that in Trombay there was suspense account of Rs. 20 lakhs. One Joint Secretary deputed to investigate reported that there was actually 13 lakhs deposited in suspense account. The matter was handed to CBI which is investigating. (b) The Minister said, "...The Hon'ble Member referred to the agencies given to unemployed educated persons and that there have been some unfair deals. This will be looked into. I will particularly look into it."

APPENDIX III

(Vide para 20 of the Report)

LOK SABHA

**UNSTARRED QUESTION NO. 1463 ANSWERED ON THE 29TH
MARCH, 1976**

Auction of Damaged Seeds

1463. KUMARI MANIBEN VALLABHBHAI PATEL: Will the Minister of AGRICULTURE AND IRRIGATION be pleased to state:

(a) quality, quantity and value of the damaged seeds auctioned by the National Seeds Corporation during the last three years, yearwise and loss suffered by it each year as a result thereof;

(b) reasons for which these seeds were damaged; and

(c) effective measures proposed to be taken to avoid the recurrence thereof?

ANSWER

THE DEPUTY MINISTER IN THE MINISTRY OF AGRICULTURE AND IRRIGATION (SHRI PRABHUDAS PATEL) : (a) to (c). Seeds got damaged on account of ageing and deterioration in transit and storage. Damaged seeds, seeds which have become obsolescent and surplus if any are condemned and auctioned by the sub-units, farms and regional offices of the National Seeds Corporation from time to time. Information regarding the quantities and values of seeds auctioned and the consequent losses suffered by the sub-units, farms and regional offices of the Corporation during the last 3 years is being collected and consolidated by the headquarter office of the National Seeds Corporation. The information will be placed on the Table of the Sabha as soon as it is received.

It may not be possible to completely avoid condemnation of seeds as seeds may lose their germination due to factors beyond human control. However to reduce condemnation the following steps are being taken by the Corporation.

- (1) The production programme is taken up after careful assessment of the marketability.
- (2) Storage facilities are being improved.
- (3) Seed movement is being organised on scientific lines in order to reduce transit period.
- (4) Marketing network is being strengthened.

APPENDIX IV

(Vide para 52 of the Report)

Statement showing the position of assurances of Fourth Lok Sabha as on the 24th February, 1978

Session	No. of pending assurance pertaining Fourth Lok Sabha selected by the Committee (5th Lok Sabha) for being pursued further as on 23rd February, 1978	No. of assurances implemented/dropped upto 23-2-1978	No. of assurances outstanding
Seventh Session, 1969	1	1	Nil
Eighth Session, 1969	1	..	1**
	<u>2</u>	<u>1</u>	<u>1</u>

*573 pending assurances were originally selected by the First Committee (1971-72) of Fifth Lok Sabha for being pursued further.

**Ministry of Law.

(ii). Statement showing the position of assurances of Fifth Lok Sabha as on the 24th February, 1978

Session	No. of assurances called out	No. of assurances implemented/dropped	No. of assurances outstanding	Ministry/Deptn concerned
First Session 1971 . . .	42	42	Nil	
Second Session, 1971 . . .	107	106	1	Ministry of Law, Justice and Company Affairs
Third Session, 1971 . . .	347	346	1	Ministry of Labour
Fourth Session, 1972 . . .	831	831	Nil	
Fifth Session, 1972 . . .	351	350	1	Ministry of Labour
Sixth Session, 1972 . . .	398	398	Nil	
Seventh Session, 1973 . . .	847	847	Nil	
Eighth Session, 1973 . . .	426	426	Nil	
Ninth Session, 1973 . . .	490	490	Nil	
Tenth Session, 1974 . . .	865	862	3	Ministries of Agriculture, Commerce & Civil supplies and Finance.
Eleventh Session, 1974 . . .	362	362	Nil	
Twelfth Session, 1974 . . .	562	559	3	Ministries of Education, Finance, Information & Broadcasting
Thirteenth Session, 1975 . . .	898	898	Nil	
Fourteenth Session, 1975 . . .	Nil	Nil	Nil	
Fifteenth Session, 1976 . . .	105	103	2	Ministries of Home Affairs, Law, Justice & Company Affairs
Sixteenth Session, 1976 . . .	292	284	8	Ministries of Agriculture & Irrigation, Commerce & Civil Supplies Home Affairs, and Petroleum and Chemicals & Fertilizers
Seventeenth Session, 1976 . . .	115	112	3	Ministries of Agriculture & Irrigation, Education, and Information and Broadcasting and Labour -
Eighteenth Session, 1976 . . .	1	1	Nil	
	7939	7920	19	

(iii) *Statement showing the position of assurances of Sixth Lok Sabha as on the 24th February, 1978*

Session	No. of Assurances called out	No. of Assurances implemented/dropped	No. of Assurances out-standing
First Session, 1977	21	15	6
Second Session, 1977	497	338	159
Third Session, 1977	377	69	308
TOTAL	895	422	473*

*For Ministry-wise details, please see next page.

(iv) Ministry-wise details of out standing assurances of Sixth Lok Sabha

Ministry / Department	Sessions of Sixth Lok Sabha				Total
	First	Second	Third	Fourth	
1	2	3	4	5	
Agriculture & Irrigation	..	13	31	44	
Commerce, Civil Supplies & Coop.	..	6	10	16	
Communications	..	2	13	15	
Defence	4	4	
Education, S.W. & Culture	..	6	19	25	
External Affairs	..	3	4	7	
Finance	..	22	39	61	
Health & Family Welfare	..	20	24	44	
Home Affairs	4	21	25	50	
Industry	1	3	6	10	
Information & Broadcasting	1	3	2	6	
Energy	..	2	3	5	
Labour	..	13	15	28	
Law, Justice & Co. Affairs	..	11	8	19	
Petroleum & Chemicals & Ferts.	..	7	29	36	

	1	2	3	4	5
Planning	2	7	9
Railways	6	32	38
Shipping & Transport	2	2
Steel and Mines	1	9	10
Tourism & Civil Aviation	6	3	9
Works & Housing and Supply & Reb.	12	22	34
Cabinet Secretariat	1	1
TOTAL		6	159	908	473