

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1978-79)**

**(SIXTH LOK SABHA)**

**TWENTY-SECOND REPORT**

**Action taken by Government on the Recommendations contained in the Tenth Report of the Committee on Public Undertakings (Sixth Lok Sabha).**

**On**

**UNUSUALLY HIGH EXPENDITURE BY PUBLIC  
UNDERTAKINGS FOR THEIR HEAD OFFICES**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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### TWENTY-SECOND REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TENTH REPORT OF THE COMMITTEE (FIFTH LOK SABHA) ON UNUSUALLY HIGH EXPENDITURE BY PUBLIC UNDERTAKINGS FOR THEIR HEAD OFFICES

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# COMMITTEE ON PUBLIC UNDERTAKINGS

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(1978-79)

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20. Shri Era Sezhiyan
21. Shri Viren J. Shah
22. Shri Sultan Singh\*

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1. Shri H. G. Paranjpe—*Joint Secretary.*
2. Shri T. R. Krishnamachari—*Chief Financial Committee Officer.*
3. Shri T. N. Khanna—*Senior Financial Committee Officer.*

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\* Elected w.e.f. 26-12-1978 vice Shri Deorao Patil died.

**SUB-COMMITTEE ON ACTION TAKEN OF THE  
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(1978-79)**

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6. Shri K. Lakkappa
7. Shri Bhanu Kumar Shastri
8. Dr. Subramaniam Swamy
9. Shri K. N. Dhulap
10. Shri Era Sezhiyan
11. Shri Viren J. Shah

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Twenty-second Report on Action Taken by Government on the recommendations contained in the Tenth Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Unusually High Expenditure by Public Undertakings for their Head Offices.

2. The Tenth Report of the Committee on Public Undertakings was presented to Lok Sabha on 27th April, 1978. The replies of Government to all the recommendations contained in the Report were received in one batch on the 23rd December, 1978. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings and the Report was adopted by them at their sitting held on 15th March, 1979. The Report was finally adopted by the Committee on Public Undertakings on the 19th March, 1979.

3. An analysis of the Action Taken by Government on the recommendations contained in the Tenth Report of the Committee is given in Appendix V.

4. It is common knowledge that there is a lot of wasteful expenditure in location Head Offices of public sector enterprises in metropolitan cities and in their offices in a city being scattered as well as in furnishing and maintenance of these offices lavishly. This Report therefore calls for immediate constitution of a Committee to go into the question of continued location of Head Offices in metropolitan cities and effective periodical follow up action to locate at one place in a city all the offices of a public enterprise. Government nominees on the Boards of Management of the Enterprises should be made specially responsible to ensure utmost economy in expenditure. Mere issue of guidelines by the Bureau of Public Enterprises has no meaning unless a review of implementation of at least important guidelines such as on maintenance expenditure becomes part of its functions. Unfortunately, this is not the case today. Government should therefore seriously consider the issues raised in this Report.

NEW DELHI;  
March 22, 1979].

Chaitra 1, 1901 (S).

JYOTIRMOY BOSU,  
Chairman,

Committee on Public Undertakings.

## CHAPTER I

### REPORT

This Report of the Committee deals with the Action taken by Government on the recommendations contained in the Tenth Report of the Committee on Public Undertakings (1977-78) on "Unusually High Expenditure by Public Undertakings for their Head Offices."

2. Action Taken notes have been received from Government in respect of all the seventeen recommendations contained in the said Report. These have been categorised as follows:—

(i) *Recommendations/observations that have been accepted by the Government:*

Serial Nos. 2, 4, 6, 8, 9, 10, 11, 13 and 16.

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:*

Serial Nos. 15 and 17.

(iii) *Recommendations in respect of which replies of Government have not been accepted by the Committee:*

Serial Nos. 1, 3, 5, 7, 12 and 14.

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

A. *Extraordinary expenditure on furnishing Head Offices* (Recommendation at Serial No. 1, paragraph 2.8—2.11).

4. The Committee observed that the cost of furnishings and fittings etc., in the case of 42 undertakings which have their own Head Office buildings, amounted to a fantastic figure of Rs. 332.38 lakhs as on 31-3-1977. The Committee, *inter alia* pointed out certain glaring examples of extraordinarily high expenditure or furnishings and fittings of Head Office buildings as indicated to them by Salem Steel Ltd., Balmer Lawrie Co. Ltd., Hindustan Antibiotic Ltd., Cochin Refineries Ltd., New India Assurance Co. Ltd., Hindustan Photo Films Mfg. Co. Ltd., and Bharat Petroleum Corporation Ltd.



5. The Committee were amazed at the extraordinary lavish manner in which some of the public undertakings had been squandering public money on unproductive items to provide luxurious environment to their top management functionaries. The Committee emphasised that public undertakings should take into account the general economic conditions of the country and the standard of living of the common man whose *per capita* income was one of the lowest in the world.

6. In their reply, the Government have stated as follows:

"In a number of cases, the Public Enterprises have clarified that the high unit rate of such work, as indicated in the table attached to paragraph 2.3 of the Report, is due to inclusion of cost of items other than furnishings, fittings and air-conditioning/central heating of office building. For example, the figure of Rs. 47.97 lakhs considered for Hindustan Photo Films includes the cost of air-conditioning the process building of the factory. Since the manufacture of photo sensitised goods essentially needs controlled conditions of temperature and humidity at all the stages of manufacture therefore air-conditioning was absolutely necessary for meeting the process requirements. The administrative building itself is not air-conditioned. Similarly, Hindustan Antibiotics Ltd., have stated that the total covered area of the head office is 17,321.37 sq. ft. instead of 8705 sq. ft. furnished earlier, which was the area of 1st floor only. Moreover, the figure of Rs. 4.56 lakhs for furnishing includes only Rs. 3.56 lakhs for furniture and the rest is for office equipment etc. In the case of Salem Steel Plant they have stated that the cost of fittings/furnishing supplied by them earlier against the items was based on an incorrect understanding of the term "hard & soft furnishing" and it includes all furniture and fittings in the project as a whole. The actual expenditure on furniture, furnishings and air-conditioning in the Head Office comes to a total of Rs. 2.72 lakhs only as under:—

	(Rs.)
Furniture	2,03,234.65
Furnishings	9,522.00
Air-conditioning	58,870.00
	<hr/> 2,71,626.65 <hr/>

Bharat Petroleum Corporation have stated that out of the total expenditure of Rs. 35.52 lakhs on furnishing, an amount of Rs. 12.10 lakhs relates to office machines and special air-conditioning—electrification of one floor meant for housing the computer.”

7. The Committee note that although in a number of cases cost of extraneous items was included in the cost of furnishings and fittings of Head Office buildings, correct details of only a few cases have now been given. Thus, regretably, the correct overall picture has not emerged. The question put to the public undertakings by the Committee about the details of expenditure on furnishings and fittings to head office buildings was clear enough. By no stretch of imagination could the expenditure on providing necessary equipments for office or the manufacturing units be included therein. The Committee expect that the undertakings would be careful in giving them information which should not only be relevant but also be factually correct. In any case, they would require the Bureau of Public Enterprises to examine independently the nature of expenditure incurred by these undertakings and ensure that there has been really no waste or ostentation.

**(B) Responsibility of Government Directors to ensure economy of expenditure**

**Recommendation (Serial No. 3, Paragraph No. 2.13)**

8. The Committee recommended that the Directors representing the Administrative Ministries and Finance Ministry on the Board of Companies concerned should look into high cost of furnishings and fittings so that the public sector corporations did not indulge in wasteful and lavish expenditure and that public funds were employed most fruitfully. They further observed that the Directors particularly Government Directors would be answerable for lapses of this nature.

9. In their reply, the Government have stated as follows:—

“Government have recently examined, in detail, the role and contribution of Government Directors on the Boards of public enterprises. Government consider that the principal role of Government Directors should be to provide a link between Government and the enterprises. In the performance of this ‘link role’ they should avoid getting involved in petty matters and contribute more in the area of general policy formulation, overall performance, eva-

luation and improvement, investment appraisal, financial management and industrial relations. In order to ensure that Government Directors discharge this responsibility more effectively, it is proposed to draw up a list of matters on which the Government Directors, particularly those representing the Finance and administrative Ministries should concentrate on. The appointment of Government Directors, especially those from the administrative Ministry and the Finance Ministry, is generally done on an *ex-officio* basis. Normally, the Government Directors are not below the rank of a Director to the Government of India. Appointments of Directors and above in Government of India are made in accordance with well established procedure, with the approval of the highest authority. There is, therefore, enough safeguard in the existing system to ensure that the Government Directors are those who can discharge their responsibility satisfactorily and while taking care of the interests of Government are capable of contributing to the improved working of the enterprises. Government, therefore does not consider it desirable to disturb the present arrangement on the basis of their performance in one particular undertaking."

10. The Committee do not at all agree that the matter suggested for being looked into by the Government nominees on the Board is petty. If it were so they would not have in the first place made the recommendations that they had made. The remark of the Government in this regard is unwarranted and uncalled for. The Committee reiterate that to the extent the expenditure on furnishing and fittings of buildings are to be approved by the Board, the Government nominees should be made specially responsible to ensure utmost economy. This should apply to every matter which affects the financial interest of the enterprises/Government. Unfortunately men who do not have any background are at times nominated to the Boards of management as official part-time Directors who admittedly become mere ditto men as pointed out in paragraph 150(2)(iii) of their Second Report (Sixth Lok Sabha). Such a situation ought not to be allowed to repeat.

#### (C) Need for strict watch on the maintenance expenditure

##### Recommendation (S. No. 5, Paragraph 2.15—2.18)

11. The Committee were concerned to observe that there had been a very steep increase in the expenditure on maintenance of Head Office buildings owned by 42 public undertakings, under various broad

heads such as civil works, hard and soft furnishings, electricity, air conditioning|central heating, horticulture etc. The total expenditure incurred by these public undertakings on this account during the three years 1974-75, 1975-76 and 1976-77 amounted to a staggering figure of Rs. 265.18 lakhs. The Committee, *inter alia*, pointed out certain glaring examples of high expenditure on maintenance of Head Office buildings as in the case of Scooters India Ltd., Mazagon Dock Ltd., Delhi Transport Corporation, Hindustan Photo Films Mfg. Co. Ltd., Indian Airlines, Jessop & Co., National Instruments Ltd., New India Assurance Co. Ltd., etc.

12. The Committee strongly deprecated the galloping rise in the rate of expenditure on maintenance of buildings owned by the public undertakings. They required that the Bureau of Public Enterprises should in consultation with the National Buildings Organisation, lay down norms for the guidance of all public undertakings about the necessity of adopting utmost austerity in the expenditure on the maintenance of buildings etc., taking into account the climatic conditions, type of buildings, its age etc. They further desired that the Bureau of Public Enterprises should also lay down specifications for the Administrative buildings to be constructed by the Public Undertakings at their Works as to ensure that these were purely functional and did not involve huge recurring expenditure in their maintenance and upkeep and that the Bureau should be answerable for any deviations from the guidelines. Expenses on maintenance and details of works done were also suggested to be clearly reflected in its Annual Report.

13. In their reply, the Government have stated as follows:—

“The question of economy in expenditure on maintenance of buildings in townships of public enterprises has been examined in the Bureau of Public Enterprises and the Standing Committee of the Construction Division as indicated in reply to paragraph 2.14. Norms for such expenditure on annual maintenance of residential and non-residential buildings have already been issued to all the Public Enterprises *vide* O.M. No. BPE|GL-029|78|CON|GENL|70|71|151 dated 18-9-78 (Appendix I). As regards the Bureau being answerable for any deviation in the guidelines in the matter of expenses and maintenance, it is submitted that the task of reviewing and ensuring compliance with various circulars|guidelines and instructions issued, is a regulatory function, which the Bureau is not expected to undertake.

Data regarding the expenses on maintenance of townships are already being reflected in the Annual Report or the Working of Industrial and Commercial Undertakings of the Central Government which is being published by the Bureau of Public Enterprises. Considering the tight time schedule for completing the Annual Report (containing 3 volumes) and the large quantum of data involved, it is not considered practicable to incorporate details of maintenance works done in the Annual Report."

14. The Committee are positive in their mind that mere issue of guidelines by the Bureau of Public Enterprises has no meaning unless atleast occasionally it undertakes a test check of the extent of compliance therewith by the undertakings. A review of implementation of important guidelines such as on maintenance expenditure should therefore become a part of its functions. Any significant deviation has to be brought to the notice of the Boards of Management as well as the Administrative Ministries for remedial action.

15. Further, the Committee feel that the internal audit organisation of individual undertakings should be charged with the task of pointing out deviations in the normal course and the Finance Director should report the position to the Board and the Government.

16. Although as Government have stated, it may not be practicable to include all the details of maintenance works and the expenditure thereon in the Annual Reports of the Bureau of Public Enterprises, it should be possible to briefly cover them atleast in the Annual Reports of the Undertakings as the Parliament and the public have a right to know them. This should therefore be made obligatory in future.

#### *D. Rationalisation of payment of House Rent Allowance*

##### **Recommendation (S. No. 7, Paragraph 3.14)**

17. The Committee observed that most of the Public undertakings paid house rent allowance to their staff at the rate of 35 per cent of basic pay (as against 15 per cent by the Central Government) which not only had a substantial effect on the total wage bill of these undertakings but also pushed up the rents of private houses. The Committee felt that there was a case for reducing the House Rent Allowance paid to persons drawing basic salary of Rs. 1500/- and above. They further observed that the existing disparity between the

House Rent Allowance given to the Central Government Employees and the employees of the Public Undertakings should also be removed so that the low paid employees in the Central Government were brought on par with persons doing similar jobs in the Public Undertakings.

18. In their reply, the Government have stated as follows:—

“The factual position in respect of Public Enterprises has been ascertained. Out of 109 enterprises in respect of which information has been received only one enterprise namely, Engineers India Ltd. is reported to be paying HRA @ .35 per cent of the pay to the employees stationed in Delhi. Other Public Enterprises are paying HRA subject to the maximum of 30 per cent of the pay. Even in Enterprises like IOC and BHEL where HRA was being paid at higher level, the rate of HRA admissible to their employees has been brought down to 30 per cent of the pay at the time of rationalisation of the pay structures of their employees.

The orders regarding payment of HRA to the employees of the Public Enterprises are contained in the BPE's guidelines dated 6-9-1968 (copy enclosed) (Appendix II). The reason for allowing higher HRA in the case of the employees of the Public Enterprises is that these employees are not entitled to general pool accommodation like their counter-part under the Central Government even though the facility may not be available to 100 per cent of the Government employees. Although the construction of townships and colonies has been undertaken by many of the Public Enterprises, the principle that all the employees of the Public Sector Enterprises should be provided with residential units has not been accepted. Thus taking into consideration all the relevant factors, the Government has decided that while Public Enterprises should not deviate from the HRA admissible under the Central Government Rules in places other than 'A' class cities, 25 per cent of the basic pay should be the ceiling rates for the house rent allowances payable by the enterprises themselves over and above 10 per cent to be borne by the employees, to all employees of Public Enterprises irrespective of pay stationed at the major 'A' class cities of Calcutta, Madras

and Hyderabad. In Bombay and Delhi the corresponding ceiling of HRA is 30 per cent of the pay for all its employees. BPE's guideline also lays down the norms for taking on lease accommodation for the use of key-officials of the Public Enterprises.

Regarding the Committee's observations about the removal of disparity between the HRA given to the Central Government employees and the employees of the Public Sector, it may be stated that any increase in HRA to the Central Government servants stationed at Delhi, Bombay, Calcutta, Madras and Hyderabad at the rates admissible to the employees the Public Enterprises would involve an extra-expenditure of Rs 29 crores per annum. This would have the effect of pushing up the rates of private accommodation steeply and might worsen the position rather than improving it. The Third Pay Commission had also not specifically accepted a suggestion for parity between the rates of HRA payable to the Central Government employees *vis-a-vis* the employees in the Public Enterprises. However, the Government has under its consideration a suggestion made by the Staff side of the National Council of Joint Consultative Machinery for improving the rates of HRA payable to the Central Government employees.

Government consider that the Committee's suggestion regarding reduction in the rates of HRA admissible to the employees of the Public Enterprises getting Rs. 1500/- per month and above is not a feasible proposition as it will adversely affect the morale of officers who play a crucial role in the operation and management of public enterprises."

19. The Committee are unable to agree with the views of the Government. The grant of House Rent Allowance to the various categories of officials in public undertakings needs rationalisation. There has to be a parity for the low paid employees, though not in the case of salary structure, at least in the case of such benefits as HRA, adequate housing being one of the minimum needs. The entire question therefore needs re-examination to see that on the one hand the allowance paid to high paid officials of the Public Enterprises is not unduly high and on the other the low paid government officials are not at a disadvantage.

**E. Constitution of a Committee to review the need for continued location of Head Offices of Public Undertakings in the Meropolitan cities**

**Recommendation (S. No. 8, Paragraph 3.15)**

20. The Committee required that Government should appoint a Committee to review the need for continued location of the head office of the public undertakings in the metropolitan cities with a view to shifting as many of these head offices from these cities as possible without causing any hardship to the low paid employees. They further required that this Committee should be asked to submit its report within three months. The Committee had no doubt that the shifting of these head offices to the smaller towns and cities, work sites would not only ease the housing shortage in the metropolitan cities but would also lead to the development of the smaller cities to which these may be shifted.

21. While accepting the above recommendation of the Committee, the Government have stated that "action is being initiated to set up a Committee to review the need for continued location of head office of the Public Undertakings in the metropolitan cities. as recommended".

22. When the Committee had recommended constitution of a Committee to go into the question of continued location of head offices of Public Undertakings in metropolitan cities and to report within three months, it is strange that even after 8 months of presentation of the Report, the Government are only initiating action to set up a Committee. This calls for action against the person responsible. A Committee should be set up forthwith and their report should be positively obtained within three months from now. Action as mentioned above should be intimated to the Committee within 30 days.

**F. Justification for high rate of rent paid for hired buildings**

**Recommendation (S. No. 12, Paragraph 3.19)**

23. The Committee found that 27 Public Undertakings located in Delhi had paid rent to the tune of Rs. 214 lakhs during 1976-77. They pointed out certain examples of huge rents being paid by some of the undertakings viz., Engineers India Ltd., Bharat Heavy Electricals Ltd., Minerals & Metals Trading Corporation of India Ltd., Indian Airlines, Rural Electrification Corporation, National Industrial Development Corporation, on the buildings hired by them. The



Committee required that an enquiry should be made into the heavy rentals paid by the various public undertakings to see how far these were justified.

24. In their reply, the Government have stated as follows:—

“The undertakings have clarified that due to shortage of office accommodation in Delhi the expenditure on rent is unavoidable. They have also clarified that the areas of office space rented are in line with the norms laid down and that the rents being paid are not higher than prevalent market rents. It has also been seen from the details supplied by the undertakings that in many cases buildings are hired from other public agencies like New Delhi Municipal Committee, Life Insurance Corporation etc. The problem is likely to be solved with the construction of public enterprises office complexes in New Delhi as referred to in reply to recommendation Nos. 9 and 10 in (Paragraphs 3.16, 3.17) the observations of the Committee have been brought to the notice of all the undertakings for future guidance.”

25. In line with their original recommendation, the Committee suggest that the Administrative Ministries should satisfy themselves on the basis of an independent enquiry that the rate of rent and the quantum thereof were not more than justified and that there was no show of favouritism or other corrupt practice.

**G. Necessity for the dispersal of offices of Public Undertakings in the same city**

**Recommendation (S. No. 13, Paragraph 3.20)**

26. The Committee deprecated the practice of housing offices of some public undertakings in more than one place in the same city which involved avoidable overheads and duplication of expenditure on communication facilities like telephone, telex, wireless, transport, staff cars etc. The Committee required that Government should issue instructions that as far as possible, the offices of these undertakings should not be scattered in the same city but should be located in one place. They added that Public Undertakings concerned should be asked to initiate necessary action in the matter without delay. They further desired the Bureau of Public Enterprises to review the position at least once in a year till the desired objective was achieved.

27. In their reply, the Government have stated as follows:—

“Only in a few cases, where sufficient accommodation was not available in one building, some undertakings had to accommodate their offices in more than one place. In some cases, like the Delhi Transport Corporation, such dispersal of offices is operationally necessary. The recommendation of the Committee has been brought to the notice of all undertakings for guidance in future.”

28. The Committee wish to reiterate that the Bureau of Public Enterprises should review the action taken to locate in one place in a city all the offices of a public undertaking at least once in a year till the desired objective is achieved. Further the Administrative Ministries should also ensure by a periodical review that action wherever possible is initiated and the objective achieved within the quickest possible time.

**H. Independent examination of huge advance payments towards rent  
(Recommendation at S. No. 14—Paragraphs 3.21-3.22)**

29. The Committee were amazed to find that as many as 7 public undertakings viz., Engineering Projects (India) Ltd., Jute Corporation of India Ltd. Minerals & Metals Trading Corporation of India, Bharat Heavy Electricals Ltd., National Thermal Power Corporation Ltd., Mogul Lines Limited, and Indian Airlines had paid advance rent exceeding Rs. 5 lakhs each during the years from 1974-75 to 1976-77. They required that immediate investigation should be conducted with a view to finding out whether there had been any collusion between the undertakings and the owners of the private buildings and that the services of the Land Acquisition Collector as also the Rent Controller should be utilised for ascertaining the justification of these high rents.

30. In their reply, the Government have stated as follows:—

“The undertakings have clarified that payment of advance rent is a normal commercial practice in Delhi, which is insisted upon even by public agencies like the New Delhi Municipal Committee. The amount of advance rents paid vary from three months rent to five months rent (except in the case of Mogul Lines) which is also in keeping with prevalent practice. In the case of Mogul Lines, the Ministry of Shipping and Transport have reported that the matter has been investigated by the Chairman, Mogul Lines Ltd. and, as a result of the investigation, it is seen that (a) no advance rent was paid by the Company during the years from 1974-75 to 1976-77, (b) the amount of advance payment referred to by the Committee is apparently the advance of four years rent paid in 1971-72 as part of a package deal with the owners of the building for hiring additional accommodation in the same premises where the Mogul Lines were functioning for the past many decades. The pros and cons of this advance payment were examined by the Board of Directors of the Company in great detail and it was concluded that the terms on which this advance was paid were beneficial to the Company, even in financial terms, apart from the other advantages of getting additional space in the same premises. As per the terms of the agreement, the rent being paid taking into account the loss of interest on the advance paid etc. amounts to only Rs. 2.33 per sq. ft. This rent will be applicable till 1981-82, while the current market rate in the locality is about Rs. 3.50 per sq. ft. It has also been mentioned that no objection was raised on this advance payment by any of the auditors.”

31. What the Committee wanted was an independent investigation of what they regarded as an usual feature in public sector organisations viz., grant of huge advance payment of rent for buildings hired by them. This cannot therefore be left to be done by the concerned undertakings themselves. The Committee would like to reiterate that an independent examination of the position is necessary to establish whether or not there was any show of favouritism.

## **CHAPTER II**

### **RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Serial No. 2)**

The Committee deprecate the construction of ostentatious buildings. They require that the buildings and their furnishing and fittings should be functional and utility oriented.

(Paragraph 2 12)

#### **Reply of Government**

The Bureau of Public Enterprises has already issued Guidelines indicating norms for space to be provided for officers|staff of different categories keeping in view the functional requirements *vide* BPE's O.M. No. 591-Adv(c)|Cir.73|70, dated 10-4-1970 and O.M. No. BPE|GL-013|77|CON|13|32|77-BPE(C)|145, dated 16-5-1977 (Copies enclosed—Appendices III and IV). These guidelines are based on the standards adopted by the Ministry of Works and Housing for Central Government office buildings.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)|78-BPE(GM-I) dated the 23rd December, 1978]

#### **Recommendation (Serial No. 4)**

The Committee positively require that Public Undertakings will, only in consultation with the National Building Organisation, construct unostentatious, inexpensive buildings for accommodating their Head Offices.

(Paragraph No. 2.14)

#### **Reply of Government**

The Bureau of Public Enterprises has been scrutinising proposals for construction of head office buildings wherever they form part of the feasibility reports of investment proposals. It is ensured that

such proposals conform to the norms and guidelines prescribed by the BPE for such buildings. These are based on austerity standards for unostentatious inexpensive buildings and correctly reflect the government policy in this matter from time to time. These guidelines were issued after the approval of the Standing Committee of the Construction Division of the Bureau of Public Enterprises. This Committee was constituted in compliance with the recommendations of the Committee on Public Undertakings in their 8th Report (Third Lok Sabha). In addition to the Director of the National Building Organisation, the Committee has on it Directors of National Research Institutes like Central Building Research Institute, Structural Engineering Research Centre, Central Road Research Institute, Central Environmental Engineering Research Institute, and top civil engineers of selected Public Enterprises. Heads of Design Departments of Central Public Works Department and a representative of Military Engineering Service. The Committee assists the Bureau of Public Enterprises in formulating norms and standards for residential and non-residential buildings and other construction works of Public Enterprises. It provides an appropriate forum for this purpose and more than fulfils the objective of the recommendation made by the Committee.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40) [78-BPE(GM-I) dated the 23rd December, 1978]

#### **Recommendation (Serial No. 6)**

The Committee are surprised to note that a large number of public undertakings are having their Head Offices in metropolitan cities viz., New Delhi, Bombay, Calcutta and Bangalore for the convenience of the highly placed persons in the Ministries and Public Undertakings. The Committee are convinced that most of these undertakings have no justification of setting up their head offices in these metropolitan cities. It is a craze among the public undertakings to locate their offices mainly in Delhi and hire accommodation at exorbitant rents making it a prestige issue and which has also become a source of patronage. With the development of rapid means of communications like telephones, teleprinters etc. there is no reason why the head offices of the public undertakings should continue to be located in these metropolitan cities. The concentration of the head offices of the public undertakings in these cities has resulted in creating severe overcrowding and scarcity in the avail-

ability not only of office accommodation but also residential accommodation and sharp rise in the rental charges of both office and residential accommodation, causing distress and hardship to a large number of people residing in these cities.

(Paragraph No. 3.13)

### Reply of Government

Continuous efforts are made to disperse Head Offices of Public Enterprises away from the metropolitan cities. However, often due to functional and historical reasons it is not possible to shift such Head Offices out of these cities. For example, the Head Office of Coal India is located at Calcutta because that city has historically been the centre of coal industry and all the private Coal companies, which were nationalised, had their Head Offices located there. Similarly, in the case of Bangalore, most of the Public Enterprises having their manufacturing units located in that city, both for the convenience of workers and operations of the companies, have found it advisable to have their Head Offices in the same city.

So far as Delhi is concerned, according to existing procedure which is in force since 1971, no new office can be located in Delhi without the prior approval of the Cabinet Committee on Accommodation. Besides, the clearance of another Committee which has been recently set up by the Government for processing proposals for locating new offices in Delhi|New Delhi before submission of such cases to the Cabinet Committee on Accommodation *vide* Ministry of Works and Housing letter No. 11013(B) (8)/78 Pol. IV, dated 7th July, 1978 is also necessary.

In many cases, however, it becomes functionally necessary particularly for undertakings who are now expanding their business into foreign markets to have their headquarters in Delhi to ensure necessary liaison on with their administrative ministries, other concerned agencies e.g., Ministry of External Affairs and foreign embassies.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978]

### Recommendation (Serial No. 8)

The Committee require that Government should appoint a Committee to review the need for continued location of the head offices of the public undertakings in the metropolitan cities with a view to shifting as many of these head offices from these cities as possible without causing any hardship to the low paid employees. This Com-

mittee should be asked to submit its report within three months. The Committee have no doubt that the shifting of these head offices to the smaller towns and cities work sites would not only ease the housing shortage in the metropolitan cities but would also lead to the development of the smaller cities to which these may be shifted.

(Paragraph No. 3.15)

### Reply of Government

Government accept the above recommendation. Action is being initiated to set up a Committee to review the need for continued location of head offices of the public undertakings in the metropolitan cities as recommended.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978.]

### Comments of the Committee

Please see Paragraph 22 of Chapter I of the Report.

### Recommendation (Serial No. 9 & 10)

The Committee regret that in spite of the recommendations made by the Estimates Committee as far back as in 1968-64 to the effect that Government should consider the desirability of constructing a public undertakings complex in each of the principal cities for housing the head offices of public undertakings located in these cities, no tangible progress has so far been made in this direction even after a lapse of fourteen years since the recommendation was made.

Taking into account the abnormally heavy amount of rent being paid by public undertakings, the Committee strongly recommend that Government should actively consider the desirability of constructing a public sector office complex in each of the principal cities viz., Delhi, Bombay, Calcutta; Madras and Bangalore to house those public undertakings which are required to be located in these cities. The Committee have no doubt that the construction of these complexes can be easily financed by the Public Undertakings themselves or by the Financial Institutions.

Paragraph (3.16 to 3.17)

### Reply of Government

So far as Delhi is concerned the proposal for construction of a common office complex for most of the public enterprises located in

the city has already been agreed to in principle and Government has decided to allot land for this purpose. In fact, construction of a common office complex for four of the major enterprises e.g. SAIL, BHEL, NBCC and HUDCO has already commenced.

The Committee's recommendation, insofar as other cities mentioned are concerned, has been noted.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978.]

#### **Recommendation (Serial No. 11)**

The Bureau of Public Enterprises should also issue instructions that wherever Government accommodation built by agencies like D.D.A., State Housing Boards, etc., is available; the Public Undertakings should obtain such accommodation on lease on a long term basis for locating their offices instead of hiring private accommodation which tends to breed corruption and over spending.

Paragraph (3.18)

#### **Reply of Government**

The Government agree with the recommendation. It has been brought to the notice of the public enterprises.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978.]

#### **Recommendation (Serial No. 13)**

The Committee deprecate the practice of housing offices of some public undertakings in more than one place in the same city which involves avoidable overheads and duplication of expenditure on communication facilities like telephone, telex, wireless, transport staff cars etc. The Committee require that Government should issue instructions that as far as possible the offices of these undertakings should not be scattered in the same city but should be located in one place. The Public Undertakings concerned should be asked to initiate necessary action in the matter without delay. The Committee would like the Bureau of Public Enterprises to review the position at least once in a year till the desired objective is achieved.

Paragraph (3.20)

#### **Reply of Government**

Only in a few cases, where sufficient accommodation was not available in one building, some undertakings had to accommodate



offices in more than one place. In some cases, like the Delhi Transport Corporation, such dispersal of offices is operationally necessary. The recommendation of the Committee has been brought to the notice of all undertakings for guidance in future.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978.]

### Comments of the Committee

Please see Paragraph 28 of Chapter I of the Report.

### Recommendation (Serial No. 16)

The Committee cannot too strongly stress the need for observing utmost economy in the expenditure on maintenance of buildings hired by the public undertakings at fancy rates. They would like the Bureau of Public Enterprises and the Administrative Ministries concerned to review the matter and to lay down suitable ceilings of expenditure for various major items, in case this has not already been done, with a view to check the galloping expenditure under this head.

Paragraph (3.28)

### Reply of Government

Noted.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978.]

## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW GOVERNMENT'S REPLY

#### Recommendation (Serial No. 15)

The Committee observe with deep anxiety that the expenditure incurred by 61 public undertakings on maintenance, furnishing etc., of office buildings hired by them registered a very sharp increase during the three-year period ending 1976-77 in that it rose from Rs. 36.45 lakhs in 1974-75 to Rs. 47.7 lakhs in 1975-76 and Rs. 111.23 lakhs in 1976-77.

The Committee are perturbed at the sharp rise in the maintenance expenditure of hired buildings by some of the undertakings. For example, in the case of Rural Electrification Corporation Ltd., the expenditure has increased from Rs. 1.65 lakhs in 1974-75 to Rs. 14.2 lakhs in 1976-77 i.e., a rise of 760 per cent. In the case of Engineers Ltd., the expenditure has escalated from Rs. 1.64 lakhs in 1974-75 to Rs. 7.7 lakhs in 1976-77. In the case of Bharat Heavy Electricals Ltd., it has risen from Rs. 1.83 lakhs in 1974-75 to Rs. 6.45 lakhs in 1976-77. The Committee would like to have fuller justification for the increase in expenditure from the undertakings concerned.

(Paragraphs 3.26—3.27)

#### Reply of Government

The undertakings have clarified that the increase in such expenditure was due to unavoidable reasons. For example, a substantial portion of the expenditure incurred by Rural Electrification Corporation in 1976-77 was of a non-recurring nature spent on partitions, fixtures etc., in the new premises which they had to hire in Nehru Place after being compelled to shift from their earlier premises by the local administration. This was consequent to stringent imposition by the local administration of the regulation that commercial offices cannot function in residential localities. During this period the rates for electricity charges went up substantially from 24P per unit for light and 20P per unit for power in 1975 to 37P per unit for both light and power in 1976.

In the case of Bharat Heavy Electricals Ltd., the main reasons for the increase in expenditure were:—

- (a) nearly doubling of the area of office accommodation due to addition of a number of departments like Quality Assurance, Management Services and Project Management which led to additional capital expenditure on furniture and furnishings as well as increase in recurring expenditure.
- (b) increase in cost of electricity charges due to increase in area as well as increase in rates as mentioned above.

So far as Engineers India Ltd., are concerned, the main reasons for increase in maintenance expenditure are:—

- (a) Consequent on increase in staff strength, the office accommodation has increased from 1,05,130 sft in 1974-75 to 1,33,092 sft in 1976-77.
- (b) Increase in electricity charges due to (i) increase in area occupied and (ii) increase in rates as already mentioned above. Additional electricity charges of about Rs. 2 lakhs per year had to be incurred after commissioning the Computer Centre in December, 1975.
- (c) Additional expenditure of about Rs. 1 lakh in 1976-77 was due to the fact that cleaning/sweeping charges for additional office space occupied after 1974-75 were charged to maintenance as it was given out on contract, whereas in case of accommodation hired earlier, such expenditure was being charged to establishment as the work was being done by Company's regular employees.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978]

#### **Recommendation (Sl. No. 17)**

The Committee consider that air-conditioning of administrative buildings is a luxury which our country can ill-afford being one of the very poorest countries in the world where deaths by starvation still take place. It not only involves huge capital expenditure but also high recurring costs. It is totally unjustified in the context of our power starved industry and agriculture. Power shedding which has become a usual feature is costing enormously in

terms of industrial and agricultural production. The Committee would, therefore, call upon Government to issue strict instructions banning the air conditioning of all administrative offices whether those belonging to the Central Government or to the Public Undertakings under them.

(Paragraph No. 4.4)

### **Reply of Government**

In general, air conditioning of administrative buildings of the public enterprises is discouraged. For example, in a recent case of construction complex of BHEL, NBCC, SAIL & HUDCO, the provision for airconditioning has been with-held by Government. Similarly in BPE recommended deletion of central airconditioning in the estimate for the proposed offices of Engineers India Ltd., at New Delhi. However, taking into consideration all relevant factors such as (i) climate, (ii) the need for efficiency and (iii) the parties with whom the Public Enterprises have to deal, the Government do not consider it practical to place a blanket ban on the air conditioning of administrative offices in public enterprises.

In respect of Central Government administrative offices also the need for utmost economy in this regard has been brought to the notice of all concerned from time to time. In recent years, the facilities of air-conditioning have been restricted to limited extent; these are available in the case of very senior officers only.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I), dated the 23rd December, 1978].

## CHAPTER IV

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

#### Recommendation (Serial No. 1)

The Committee note that the cost of furnishings and fittings etc., in the case of 42 undertakings which have their own Head Office buildings, amounted to a fantastic figure of Rs. 332.38 lakhs as on 31-3-1977. It is evident that these undertakings are having very luxurious fittings and furnishings which are hardly related to the state of their business. Twelve undertakings, namely, Balmer Lawrie Co. Ltd., Calcutta, Bharat Petroleum Corporation Ltd., Bombay, Cochin Refineries Ltd., Ambalamugal, Hindustan Antibiotics Ltd., Pimpri, Hindustan Photo Films Manufacturing Co. Ltd. Indunagar, Hindustan Teleprinters Ltd. Madras, Indian Airlines, New Delhi, Jessop and Co. Ltd., Calcutta, L.I.C. of India, Bombay Salem Steel Ltd., Salem, Scooters India Ltd., Lucknow and New India Assurance Co. Ltd., Bombay have each raced against each other and have spent as much as Rs. 5 lakhs and more on furnishings/fittings (hard and soft) air-conditioning/central heating etc.

The Committee are very distressed to note that the cost of fittings and furnishings only of buildings owned by the public undertakings works out to a fantastically high figure of Rs. 152 per sq. ft. of covered area in the case of Salem Steel Ltd. With half of this money, civil construction work could be completed, which shows there is something wrong somewhere in the Steel Plant. In the case of Balmer Lawrie Co. Ltd., and Hindustan Antibiotics Ltd., it is Rs. 68 and Rs. 67 per sq. ft. respectively. With this amount Civil Construction Work could be completed. In the case of Cochin Refineries Ltd., and New India Assurance. Co. Ltd., it is Rs. 45 and Rs. 41 per sq. ft. respectively. Two other public undertakings viz., Hindustan Photo Films Mfg. Co. Ltd., and Bharat Petroleum Corporation Ltd., have incurred an expenditure of Rs. 29 and Rs. 28 per sq. ft. respectively.

The Committee are amazed at the extra-ordinarily lavish manner in which some of the public undertakings have been squandering public money on unproductive items to provide luxurious environment to their top management functionaries. This goes ill with the

concept of a socialist egalitarian society which the Government is trying its level best to build up.

The Committee need hardly stress that public undertakings should take into account the general economic conditions of the country and the standard of living of the common man whose per capita income is one of the lowest in the world. The furnishings and the fittings should not give an impression that they are an island of prosperity in a sea of poverty. Lavish furnishings of the officer of the executives of public undertakings generates frustration and leads to great demoralisation among the subordinate staff and workers of the public undertakings, apart from attracting very adverse public criticism. (Paragraphs 2.8 to 2.11)

### Reply of Government

In a number of cases, the Public Enterprises have clarified that the high unit rate of such work, as indicated in the table attached to paragraph 2.3 of the Report, is due to inclusion of cost of items other than furnishings, fittings and air-conditioning|central heating of office building. For example, the figure of Rs. 47.97 lakhs considered for Hindustan Photo Films includes the cost of air-conditioning the process building of the factory. Since the manufacture of photo sensitised goods essentially needs controlled conditions of temperature and humidity at all the stages of manufacture therefore air-conditioning was absolutely necessary for meeting the process requirements. The administrative building itself is not air-conditioned. Similarly, Hindustan Antibiotics Ltd., have stated that the total covered area of the head office is 17,321.37 sft. instead of 8705 sft. furnished earlier, which was the area of 1st floor only. Moreover, the figure of Rs. 4.56 lakhs for furnishing includes only Rs. 3.56 lakhs for furniture and the rest is for office equipment etc. In the case of Salem Steel Plant they have stated that the cost of fittings|furnishing supplied by them earlier against the items was based on an incorrect understanding of the term "hard & soft furnishing" and it included all furniture and fittings in the project as a whole. The actual expenditure on furniture, furnishings and air-conditioning in the Head Office comes to a total of Rs. 2.72 lakhs only as under:—

	(Rs.)
Furniture. . . . .	2,03,234.65
Furnishings . . . . .	9,522.000
Air-conditioning . . . . .	58,870.00
	<hr/>
	2,71,626.65

Bharat Petroleum Corporation have stated that out of the total expenditure of Rs. 35.52 lakhs on furnishing, an amount of Rs. 12.10 lakhs relates to office machines and special air-conditioning-electrification of one floor meant for housing the computer.

The undertakings have generally confirmed that no lavish/luxurious fittings and furnishings have been provided. The need for observing utmost economy has been from time to time, impressed upon the public undertakings.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No.2 (40)/78-BPE(GM-I) dated the 23rd December, 1978.]

### Comments of the Committee

Please see paragraph 7 of Chapter I of the Report.

### Recommendation (Serial No. 3)

The Committee recommend that the Directors representing the Administrative Ministries and Finance Ministry on the Boards of these Companies should look into these matters so that the public sector corporations do not indulge in wasteful and lavish expenditure on furnishings and fittings and that public funds are employed most fruitfully. The Directors particularly Government Directors will be answerable for lapses of this nature.

(Paragraph No. 213)

### Reply of Government

Government have recently examined, in detail, the role and contribution of Government Directors on the Boards of public enterprises. Government consider that the principle role of Government Directors should be to provide a link between Government and the enterprises. In the performance of this 'link role', they should avoid getting involved in petty matters and contribute more in the area of general policy formulation, overall performance, evaluation and improvement, investment appraisal, financial management and industrial relations. In order to ensure that Government Directors discharge this responsibility more effectively, it is proposed to draw up a list of matters on which the Government Directors, particularly those representing the Finance and administrative Ministries should concentrate on.

The appointment of Government Directors, especially, those from the administrative Ministry and the Finance Ministry, is generally done on an *ex-officio* basis. Normally, the Government Directors are not below the rank of a Director to the Government of India. Appointments of Directors and above in Government of India are made in accordance with well established procedure, with the approval of the highest authority. There is, therefore, enough safeguard in the existing system to ensure that the Government Directors are those who can discharge their responsibility satisfactorily and while taking care of the interests of Government are capable of contributing to the improved working of the enterprises. Government, therefore does not consider it desirable to disturb the present arrangement on the basis of their performance in one particular undertaking.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No.2 (40) |78-BPE(GM-I) dated the 23rd December, 1978.]

#### Comments of the Committee

Please see paragraph 10 of Chapter I of the Report.

#### Recommendation (Serial No. 5)

The Committee are concerned to observe that there has been a very steep increase in the expenditure on maintenance of Head Office buildings owned by these public undertakings, under various broad heads *viz.*, civil works, hard and soft furnishings, electricity, air conditioning|central heating, horticulture etc. The total expenditure incurred by these public undertakings on this account during the three years 1974-75, 1975-76 and 1976-77 amounted to a staggering figure of Rs. 265.18 lakhs.

The Committee are deeply concerned to note that the total expenditure on this account incurred by these 42 undertakings during 1974-75 amounted to Rs. 75.13 lakhs, but it increased to Rs. 110.67 lakhs in 1976-77 *i.e.* an increase of 46 percent. The Committee are perturbed to observe that in the case of certain public undertakings, the maintenance expenditure has been abnormally high. In maintenance work the scope for corruption and wasteful expenditure is more than in any other sphere of building activities.

The Committee observe that in the case of Scooters India Ltd., the expenditure has galloped from Rs. 0.03 lakhs in 1974-75 to Rs. 3.79 lakhs in 1976-77 (recording a rise of 12533 per cent). In the case of Mazagon Dock Ltd., the expenditure has increased from Rs. 8.05 lakhs in 1974-75 to Rs. 15.68 lakhs in 1976-77. In the case of Delhi

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Transport Corporation, the expenditure has increased from Rs. 2.76 lakhs in 1974-75 to Rs. 10.4 lakhs in 1976-77. (276.8 per cent). In the case of Hindustan Photo Films Mfg. Co. Ltd., the expenditure has gone up from Rs. 3.09 lakhs in 1974-75 to Rs. 5.15 lakhs in 1975-76 and to Rs. 6.77 lakhs in 1976-77. In the case of Indian Airlines the expenditure has increased from Rs. 6.46 lakhs in 1974-75 to Rs. 8.14 lakhs in 1976-77. In the case of Jessop & Co., the expenditure has risen from Rs. 6.38 lakhs in 1974-75 to Rs. 8.5 lakhs in 1976-77. In the case of National Instruments Ltd., the maintenance expenditure has increased from Rs. 2.75 lakhs in 1974-75 to Rs. 4.12 lakhs in 1976-77. In the case of New India Assurance Co. Ltd., the maintenance expenditure has increased from Rs. 10 lakhs in 1974 to Rs. 14 lakhs in 1976.

The Committee strongly deprecate the galloping rise in the rate of expenditure on maintenance of buildings owned by the public undertakings. They require that the Bureau of Public Enterprises should in consultation with the National Buildings Organisation, lay down norms for the guidance of all public undertakings about the necessity of adopting utmost austerity in the expenditure on the maintenance of buildings etc., taking into account the climatic conditions type of buildings, its age etc. The Bureau of Public Enterprises should also lay down specifications for the Administrative buildings to be constructed by the Public Undertakings at their Works as to ensure that these are purely functional and do not involve huge recurring expenditure on their maintenance and upkeep. The Bureau of Public Enterprises shall be answerable for any deviations from the guidelines. Expenses on maintenance and details of works done should be clearly reflected in its Annual Report. (Paragraph No. 2.15—2.18)

#### Reply of Government

The question of economy in expenditure on maintenance of buildings in townships of public enterprises has been examined in the Bureau of Public Enterprises and the Standing Committee of the Construction Division as indicated in reply to paragraph 2.14. Norms for such expenditure on annual maintenance of residential and non-residential buildings have already been issued to all the Public Enterprises vide O.M. No. BPE/GL-029/78/CON/GENL/70/71/151 dated 18-9-78\*. As regards the Bureau being answerable for any deviation in the guidelines in the matter of expenses and maintenance, it is submitted that the task of reviewing and ensuring compliance with various circulars/guidelines and instructions issued,

\*Appendix I.

is a regulatory function, which the Bureau is not expected to undertake.

Data regarding the expenses on maintenance of townships are already being reflected in the Annual Report on the Working of Industrial and Commercial Undertakings of the Central Government which is being published by the Bureau of Public Enterprises. Considering the tight time schedule for completing the Annual Report (containing 3 Volumes) and the large quantum of data involved, it is not considered practicable to incorporate details of maintenance works done in the Annual Report.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978]

### **Comments of the Committee**

Please see Paragraph 14 to 16 of Chapter II of the Report.

### **Recommendation (Serial No. 7, Paragraph 3.14)**

It is noteworthy that most of the public undertakings pay house rent allowance to their staff at the rate of 35 per cent of basic pay (as against 15 per cent by the Central Government) which not only has a substantial effect on the total wage bill of these undertakings but also pushes up the rents of private houses. The Committee feel that there is a case for reducing the House Rent Allowance paid to persons drawing basic salary of Rs. 1500/- and above. The existing disparity between the House Rent Allowance given to the Central Government Employees and the employees of the Public Undertakings should also be removed so that the low paid employees in the Central Government are brought at par with persons doing similar jobs in the Public Undertaking.

### **Reply of Government**

The factual position in respect of Public Enterprises has been ascertained. Out of 109 enterprises in respect of which information has been received only one enterprise namely, Engineers India Ltd. is reported to paying HRA@ 35 per cent of the pay to the employees stationed in Delhi. Other Public Enterprises are paying HRA subject to the maximum of 30 per cent of the pay. Even in Enterprises like IOC and BHEL where HRA was being paid at higher level the rate of HRA admissible to their employees has been brought down to 30 per cent of the pay at the time of rationalisation of the pay structures of their employees.

The orders regarding payment of HRA to the employees of the Public Enterprises are contained in the BPE's guidelines dated 6-9-1968 (copy enclosed)\*. The reason for allowing higher HRA in the case of the employees of the Public Enterprises is that these employees are not entitled to general pool accommodation like their counterpart under the Central Government even though the facility may not be available to 100 per cent of the Government employees. Although the construction of townships and colonies has been undertaken by many of the Public Enterprises, the principle that all the employees of the Public Sector Enterprises should be provided with residential units has not been accepted. Thus taking into consideration all the relevant factors, the Government has decided that while Public Enterprises should not deviate from the HRA admissible under the Central Government Rules in places other than 'A' class cities, 25 per cent of the basic pay should be the ceiling rates for the house rent allowances payable by the enterprises themselves over and above 10 per cent to be borne by the employees, to all employees of Public Enterprises irrespective of pay stationed at the major 'A' class cities of Calcutta, Madras and Hyderabad. In Bombay and Delhi the corresponding ceiling of HRA is 30 per cent of the pay for all the employees. BPE's guideline also lays down the norms for taking on lease accommodation for the use of the key-officials of the Public Enterprises.

Regarding the Committee's observations about the removal of disparity between the HRA given to the Central Government employees and the employees of the Public Sector, it may be stated that any increase in HRA to the Central Government servants stationed at Delhi, Bombay, Calcutta, Madras and Hyderabad at the rates admissible to the employees of the Public Enterprises would involve an extra-expenditure of Rs. 29 crores per annum. This would have the effect of pushing up the rates of private accommodation steeply and might worsen the position rather than improving it. The Third Pay Commission had also not specifically accepted a suggestion for parity between the rates of HRA payable to the Central Government employees *vis-a-vis* the employees in the Public Enterprises. However, the Government has under its consideration a suggestion made by the Staff side of the National Council of Joint Consultative Machinery for improving the rates of HRA payable to the Central Government employees.

Government consider that the Committee's suggestion regarding reduction in the rates of HRA admissible to the employees of the Public Enterprises getting Rs. 1500/- per month and above is not

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\*Appendix II.

a feasible proposition, as it will adversely affect the morale of officers who play a crucial role in the operation and management of public Enterprises.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40) 78-BPE(GM-I) dated the 23rd December, 1978]

### Comments of the Committee

Please see Paragraph 19 of Chapter I of the Report.

### Recommendation (Serial No. 12 paragraph 3.19)

It will be seen from the statement in Appendix IV that 27 public undertakings located in Delhi have paid rent to the tune of Rs. 214 lakhs during 1976-77. Among the public undertakings which are paying huge rents are:—

S.No.	Name of Undertakings	Rent paid (1976-77) (Rs. in lakhs.)
1.	Engineers India Ltd.	61.57
2.	Bharat Heavy Electricals Ltd.	23.73
3.	Minerals & Metals Trading Corporation of India Ltd.	20.08
4.	Indian Airlines.	15.58
5.	Rural Electrification Corporation.	12.14
6.	National Industrial Development Corporation.	12.00

The Committee require that an enquiry should be made into the heavy rentals paid by the various Public Undertakings to see how far these are justified. (Paragraph 3.19)

### Reply of Government

The undertakings have clarified that due to shortage of office accommodation in Delhi the expenditure on rent is unavoidable. They have also clarified that the areas of office space rented are in line with the norms laid down and that the rents being paid are not higher than prevalent market rents. It has also been seen from the details supplied by the undertakings that in many cases buildings are hired from other public agencies like New Delhi Municipal Committee, Life Insurance Corporation etc. The problem is likely

to be solved with the construction of public enterprises office complexes in New Delhi as referred to in reply to Recommendation No. 9 and 10 in (paragraphs 3.16, 3.17). The observations of the Committee have been brought to the notice of all the undertakings for future guidance.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978]

### Comments of the Committee

Please see Paragraph 25 of Chapter I of the Report.

### Recommendation (Serial No. 14 Paragraphs 3.21-3.22)

The Committee find from the statement of Appendix IV that 7 Public Undertakings have paid advance rent exceeding Rs. 5 lakhs during the years 1974-75 to 1976-77 as shown below:—

	(Rs. in lakhs.)
1. Engineering Projects (India) Ltd.	28.50
2. Jute Corporation of India Ltd.	28.11
3. Minerals & Metals Trading Corporation of India.	27.71
4. Bharat Heavy Electricals Ltd.	15.49
5. National Thermal Power Corporation Ltd.	8.00
6. Mogul Line Ltd.	6.83
7. Indian Airlines.	2.78 (Plus 5 months rent of 11 flats.)

The Committee are amazed to find that as many as 7 Public Undertakings have paid advance rent exceeding Rs. 5 lakhs during the year from 1974-75 to 1976-77. The rationale for the payment of this advance rent is not clear to the Committee. They would like that immediate investigation should be conducted with a view to finding out whether there has been any collusion between the Undertakings and the owners of the private buildings. The services of the Land Acquisition Collector as also the Rent Controller should be utilised for ascertaining the justiciability of those high rents.

### Reply of Government

The undertakings have clarified that payment of advance rent is a normal commercial practice in Delhi, which is insisted upon even by public agencies like the New Delhi Municipal Committee. The amount of advance rents paid vary from three months rent to five months rent (except in the case of Mogul Lines) which is also in keeping with prevalent practice. In the case of Mogul Lines, the Ministry of Shipping and Transport have reported that the matter has been investigated by the Chairman, Mogul Lines Limited and, as a result of the investigation, it is seen that (a) no advance rent was paid by the Company during the years from 1974-75 to 1976-77; (b) the amount of advance payment referred to by the Committee is apparently the advance of four years rent paid in 1971-72 as part of a package deal with the owners of the building for hiring additional accommodation in the same premises where the Mogul Lines functioning for the past many decades. The pros and cons of this advance payment were examined by the Board of Directors of the Company in great detail and it was concluded that the terms on which this advance was paid were beneficial to the Company, even in financial terms, apart from the other advantages of getting additional space in the same premises. At per the terms of the agreement, the rent being paid taking into account the loss of interest on the advance paid etc. amounts to only Rs. 2.33 per sq. ft. This rent will be applicable till 1981-82, while the current market rate in the locality is about Rs 3.50 per sq. ft. It has also been mentioned that no objection was raised on this advance payment by any of the auditors.

[Ministry of Finance, Bureau of Public Enterprises, O.M. No. 2(40)/78-BPE(GM-I) dated the 23rd December, 1978]

### Comments of the Committee

Please see Paragraph 31 of Chapter I of the Report.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL  
REPLIES OF GOVERNMENT ARE STILL AWAITED

— N I L —

NEW DELHI;  
March 22, 1979  

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Chaitra 1, 1901 (S)

JYOTIRMOY BOSU,  
Chairman,  
Committee on Public Undertakings.

## APPENDIX I

(Vide Page 5 of the Report)

No. BPE|GL-029|78|CON|Genl-70|71|151 Government of India|Bharat  
Sarkar|Ministry of Finance|Vitta Mantralaya|Bureau of Public  
Enterprises|Sarkari Udyam Karyalaya (Construction Division|  
Nirman Prabhag)

'F' Wing, Nirman Bhavan,  
New Delhi, the 18th September, 1978.

### OFFICE MEMORANDUM

**SUBJECT.**—Economy in cost of Maintenance and Administration of townships in public sector enterprises.

In the guidelines issued by BPE under No. : BPE(15) Adv. (Fin)/69 dated 8-8-69 it was laid down that the annual expenditure on the overall maintenance and administration of township excluding depreciation and interest charges should not exceed the annual income of the township including rent receipts. However, a study undertaken by the BPE has revealed that in most of the units selected for the study, the expenditure exceeded the income. In some cases, the gap between expenditure and income was considerable inasmuch as the expenditure was as high as four times the revenue from the township. The overall figures of expenditure on and receipts from townships of all public enterprises taken together for 1975-76 were Rs. 34.20 crores and Rs. 11.55 crores respectively. The expenditure and income figures in 1976-77 were Rs. 42.70 crores and Rs. 15.70 crores respectively. This shows that on the whole, the expenditure incurred by public enterprises on maintenance and township administration is nearly three times the income that is derived from the townships.

2. In the circular dated 8-8-69 referred to above, the main reasons for heavy cost on township maintenance and administration were identified as (a) heavy expenditure on the maintenance and repairs of buildings, (b) recoveries from employees on account of water supply and electricity not being commensurate with the actual cost of services and (c) heavy expenditure on salaries on the administration of townships.

3. During the course of the study undertaken by BPE, it has been noticed that the expenditure on maintenance and repairs of



residential and non-residential buildings in the townships varies in different enterprises over a wide range of 1 per cent to 12 per cent of the capital cost of the buildings. Well-organised engineering departments like the CPWD, which maintains a large number of Government buildings all over the country, have established practices and norms for controlling the annual expenditure on maintenance of buildings. According to the guidelines contained in O.M. No. Adv(C)|15|29|73-BPE(C)|Cir-116/74 dated 22nd November, 1974, the plinth area rates of all buildings should be on lines of those adopted by the CPWD. The method of deriving such plinth area rates has already been circulated to public enterprises *vide* BPE letter No. BPE(C)|Genl.-111|72 dated 4-7-77. Based on the norms recently adopted by the CPWD for permissible expenditure on annual repairs and maintenance of Central Government buildings, as contained in the Ministry of Works & Housing Memorandum No. 16|3|77 (DG) dated 16th August, 1978, suitable norms applicable to the public enterprises are indicated in Annexure A. It is recommended that the public enterprises may also adopt these norms for controlling expenditure on repairs and maintenance of their buildings.

4. In regard to recoveries made from employees on account of water supply and electricity charges, it has been noticed that in several cases these recoveries fall much short of the actual cost of making these services available to the employees. It is necessary that public enterprises should review and revise the recovery rates for water supply and electricity so that recoveries are commensurate with the actual cost of these services.

5. It is also seen that in some enterprises, apparently excessive expenditure is being incurred on township administration including expenditure on supervisory engineering staff employed for carrying out the maintenance works. The expenditure incurred on administration and engineering supervision varies in different enterprises widely from Rs. 93 to Rs. 1708 per dwelling unit. As this expenditure is mainly in the nature of overheads over the actual maintenance costs, it should be only a reasonable fraction of the direct expenditure incurred on maintenance. It would be necessary for the public enterprises to find ways and means to keep down expenditure on this account to the absolute minimum.

6. It is felt that adoption of measures suggested above would enable the public enterprises to considerably reduce the gap between expenditure and income from their townships.

Sd/-

(T. K. SARAN)

Encl: As above.

Adviser (Construction), Bureau of Public Enterprises.

To

All Public Enterprises and their Units.

All Ministries/Departments of the Government of India

All Financial Advisers of Ministries/Departments

Copy to: Production Division, Management Division, Finance Division, &amp; I. &amp; R Division.

## ANNEXURE—A

## PERMISSIBLE EXPENDITURE ON MAINTENANCE OF BUILDINGS IN PUBLIC ENTERPRISES—ANNUAL AND ORDINARY REPAIRS

The permissible expenditure on annual repairs and maintenance of buildings of public enterprises should be on the basis of actual plinth area of the buildings on lines indicated below:—

Category	Plinth area rate per sq. m.	
	Civil (Rs.)	Electrical (Rs.)
<i>Residential</i>		
1. Type A to C. . . . .	3.5	1.25
2. Type D. . . . .	4.5	1.50
3. Hostels . . . . .	4.5	2.00
<i>Non-Residential</i>		
1. Office Buildings . . . . .	4.00	1.75
2. Hospitals . . . . .	10.00	4.00
3. Dispensaries. . . . .	10.00	3.00

2. The above plinth area rates do not cover the expenditure on the following items which will be allowed on the actual requirements:

- (i) Maintenance and running of air conditioning installations.
- (ii) Maintenance and running of lifts.
- (iii) Maintenance and running of pumps for pumping water.
- (iv) Maintenance of sub-station.
- (v) Conservancy charges wherever payable.

## APPENDIX II

(Vide page 17 of the Report)

No. 2(142)/68-BPE(GM)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

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New Delhi, the 6th Sept., 1968.

### OFFICE MEMORANDUM

**SUBJECT.**—*Guidelines for Dearness Allowance, Travelling Allowance, etc. in Public Enterprises.*

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The Administration Reforms Commission in their Report on "Public Sector Undertakings" have recommended (recommendation No. 3) that a common policy should be evolved for the wages, salaries and other terms and conditions of service among employees of constituent units of each Sector Corporation envisaged by the Commission. Although it has been decided not to accept the recommendation, with regard to the setting up of Sector Corporations in general, it has been accepted with regard to salaries, allowances etc., that while it may not be practicable to work out a uniform pattern for all public sector undertakings, yet where rationalisation is possible, this should be effected. In this context and taking into account the variations in the scales of allowances adopted by the different Public Enterprises, the question of drawing up guidelines for the enterprises in respect of different allowances has been under consideration. It has now been decided that guidelines as set out below in respect of (i) dearness allowance (ii) city compensatory allowance, (iii) house rent allowance (iv) project allowance (v) conveyance allowance, and (vi) travelling allowance should be communicated to the Public Enterprises. In doing so it should be pointed out to them that even though they are not binding on the enterprises, Government would expect them to take the norms, etc., indicated therein carefully into account and that deviations, if any, therefrom should be decided at the Board level. Wherever there are provisions in the Articles of Association requiring that the terms and conditions of employees would need the approval of Government, they would naturally have to be followed.

*Dearness Allowance:* Dearness Allowance of the employees of Public Enterprises should be linked either to the Central Government rates (or) to the rates suggested by the Wage Board, and they should choose the one or the other. Those who have already adopted the Wage Board rates should not adopt the Government rates, even though the Government rates prove more favourable at some later date. Enterprises, which are at present on Government rates, may at some later date wish to go over to Wage Board rates when such Wage Boards are established for the industry concerned in future. If so, once the option is exercised and the employees are allowed D.A. according to the recommendations of the Wage Boards, there should be a complete de-linking from Government rates thereafter.

*City Compensatory Allowance:* The considerations regarding high costs of living etc. in cities would apply equally to employees of Government and Public Enterprises. The Public Enterprises should not, "therefore, make any departure from Government rates."

*House Rent Allowance:* It has been observed that some of the enterprises have been following the Central Government rates for the grant of house rent allowance, while some have found it necessary to grant enhanced H.R.A. to their employees, particularly those stationed at the major cities like Delhi and Bombay. In this context it will be relevant to point out that though employees of Central Government at the major cities are entitled to General Pool Accommodation, this facility is evidently not available for 100 per cent of the employees. The principle cannot also be accepted that all the employees of Public Enterprises should be provided with residential units, although construction of townships or colonies has been undertaken by many of the Public Enterprises. In the circumstances the principle of full-reimbursement of the excess of house rent paid, over the 10 per cent of pay, cannot be accepted.

Taking into account all the factors, it has been decided that while Public Enterprises should not deviate from the house rent allowance admissible under Central Government rules in places other than 'A' class cities, 25 per cent of basic pay should be the ceiling rates for the house rent allowance payable by the enterprises themselves over and above 10 per cent to be borne by the employees, to all employees of Public Enterprises irrespective of pay, stationed at the major 'A' class cities of Delhi, Calcutta and Madras. In Bombay, the corresponding ceiling of H.R.A. could be 30 per cent of pay for all the employees.

Hiring of houses should not normally be resorted to any payment of house rent allowance as admissible under the rules of companies should be the normal practice. In the case of key officials, however, if it becomes inevitable to hire houses, the ceiling for monthly rental should be 10 per cent of pay plus H.R.A. admissible at the station, taking into account also the enhanced rates for Delhi, Calcutta, Madras and Bombay for hiring houses at these places. In the other places, 10 per cent of pay plus H.R.A. admissible at the Govt. rates plus a further margin of 10 per cent of pay could be allowed.

In the case of permanent accommodation in townships, recovery of rent should be 10 per cent of pay or standard rent, whichever is lower.

*Project Allowance:* Even at present the project allowance is granted by the Public Enterprises only during the construction stage when the amenities of housing, marketing centres, etc., are not available to the extent required. However, there is a tendency among certain Public Enterprises to perpetuate the allowance which is supposed to be progressively reduced as the amenities develop over a period of years.

It has been decided that the instructions being followed by Government from time to time, in regard to the grant of allowance and quantum therefore should be communicated to the enterprises. The Boards of Directors should then take appropriate decisions in regard to the grant of allowance in project areas, their continuance, etc.

*Conveyance Allowance:* At present the concession of the use of Company's car for private purposes is normally admissible only to Chief Executives concerned. Even in this case, non-duty journeys should not exceed 500 kms. a month. For this facility, recovery at specified rates is also envisaged.

In addition to Chief Executives, whole time Functional Directors as well as incumbents of other top level appointments which are within the purview of Government may be allowed the above facility of the Company's car. But in respect of these posts, wherever it is considered that this concession should be allowed, it should be written into the terms of the appointment.

As regards other senior appointments, made by the Boards themselves, the concession of a car for exclusive use should not be extended to the concerned officers; it would however, be for the Boards to consider whether any conveyance allowance should be given in appropriate cases.

While the ceiling of 500 Kms. in regard to non-duty runs may be adequate in industrial townships, a measure of flexibility would have to be allowed in major cities like Bombay, Calcutta, Delhi, etc.

Provision of transport from office to residence on the basis of recovery of costs should be restricted to officers, and should apply to cars and mini-buses. Where transport in the shape of buses is provided to other employees, this may have to be on a subsidised basis in appropriate bases.

*Travelling Allowance:* Most of the enterprises have framed their own T.A., rules, some of which are on a more liberal scale compared to Central Government rates. Having regard to the nature of activities of the enterprises, the non-availability of the facilities of Government guest houses, staff cars, etc., in all cases to the employees of Public Enterprises, it has been decided that the rates of daily allowance need not be pegged to Central Government rates. However, there should be no deviation from Government rates in regard to reimbursement of travelling expenses by air/train i.e. class and mode of travel, incidentals during such travel, etc.

2. For achieving rationalisation of the scales of allowances, etc., to the extent possible, and a measure of uniformity in the approach to labour problems, amongst the enterprises located at the same place, it has been decided that it would be useful to have suitable Regional Committees/Councils, consisting of representatives of the concerned Public Enterprises, at the places like Ranchi, Bangalore, Hyderabad, Madras, Durgapur, Calcutta and Bombay for considering common problems and advising the concerned undertakings from time to time.

3. Ministry of Petroleum & Chemicals etc. are requested to suitably communicate the above guidelines to the Public Enterprises under their administrative control. It is also requested that a copy of the rules obtaining in the various Public Enterprises on the subjects indicated in para 1 may in due course be forwarded to the Bureau of Public Enterprises for facilitating dissemination of information in these areas. The amendments carried out by the enterprises in regard to these rules would also have to be intimated to the Bureau for this purpose.

Sd/- P. K. BASU

Director, Bureau of Public Enterprises.

To

All Ministries/Departments of the Govt. of India.

Copy to:

- (i) All F.As. in the Expenditure Department
- (ii) Adviser (P) | Adviser (C) | Adviser (F) | D.S. (I&R), Bureau of Public Enterprises.

Sd/- P. K. BASU  
Director, Bureau of Public Enterprises.

All Ministries/Departments of the Government of India

**APPENDIX III**

(Vide Page 13 of the Report)

No. 591-Adv(c)/Cir-73/70

Government of India

Ministry of Finance

Department of Expenditure

Bureau of Public Enterprises

Dated, New Delhi, the 10th April, 1970.

**OFFICE MEMORANDUM**

**SUBJECT:—Guidelines for the construction of Administrative Buildings in Public Sector Undertakings.**

It has been observed that varying standards have been adopted by Public Sector Undertakings in the design and construction of Administrative Buildings. Some of them have been somewhat lavish, while some others did not meet functional requirements. Such constructions have been adversely criticised upon by the Committee on Public Undertakings and others.

This matter has been examined in the Bureau. It is considered that as the requirements of the Undertakings vary according to staff strength and nature of production etc., it may not be possible to prescribe a uniform standard or evolve type designs. However, there is need to exercise certain control on accommodation and the cost thereof. With this object in view a note has been prepared in the Bureau laying down certain guiding principles for the design of Administrative Buildings and a copy of the same is enclosed for information and use by Public Sector Undertakings.

The Ministry of Industrial Development, Internal Trade and Company Affairs, etc. are kindly requested to bring this to the notice of the Public Sector Undertakings under their administrative control.

Sd/-

(A. N. BANERJI)

Additional Secretary to the Govt. of India  
and Director-General, Bureau  
of Public Enterprises.



To

All Ministries/Departments of the Government of India.

All FAs in the Deptt. of Expenditure.

*Guiding Principles for the Design of Administrative Buildings in the Public Sector Undertakings.*

Precise requirements of an Administrative Building will depend on the size and complexity of the Undertaking. The management of an Undertaking will be in a better position to decide various departments such as Technical, Accounts, Sale, Purchase, etc. to be housed in an Administrative Building. The staff (according to salary standards) requirements of each department has to be carefully assessed for proper planning. Other requirements of an Administrative Building will be ancillary rooms such as Conference Room, Display Room, Telephone, Canteen, Staff Club room. Employees' Welfare facilities, Library etc. To facilitate working out of areas of different units the following generally accepted standards are suggested:

- |  |   |
|--|---|
| (i) Officers drawing Rs. 1,300/- and above. . . . .  | 260 sq. ft. per person.   |
| (ii) Officers drawing less than Rs. 1,300/- p.m.<br>(excluding Superintendents/Section Officers) . . . . . | 160 sq. ft. per person.   |
| (iii) Technical Staff—Draughtsman, tracers, etc. . . . .   | 60 sq. ft. per person.  |
| (iv) Ministerial Staff including Section Officers,<br>Superintendents, Dastrics etc. . . . .               | 44 sq. ft. per person (40 sq. ft. plus<br>10% for current records.) |

### **Conference Room**

Area of Conference Room could be arrived at by allotting 45 sq. ft. per member. A small waiting room with a space for stenographers and an attached toilet may also be considered near the conference room. Conference room should be so placed that it is close to the staircase/lift and on the floor on which General Manager's and/or Chairman's rooms are located.

### **Storage of Records**

These may be located either in the basement in localities where there is no sub-soil problem or on the ground floor so that floor slabs need not be designed for heavy loading. It is necessary that record rooms should be provided with adequate fire protection.

### *Visitor's Facilities : Entrance Halls*

The size may be just adequate to cope up with a few visitors at a time. It should be grouped with the main entrance, stair case, lift and toilet facilities. A Receptionist's table, few chairs for visitors and a small display area may be considered for planning this facility. Entrance halls and lobbies together should normally be restricted to 1 to 1½% of plinth area.

### *Canteen*

Space requirement of canteen and its kitchen vary according to the type and variety of meals to be served. Simple self-service cafeteria with a limited choice of food needs ½ to 1/3 of its area for the kitchen and servery.

Dining hall area may be calculated on the basis of 10 sft. per person. The size of the dining hall could be such that it can accommodate about 6 per cent of the total employees. Canteen should be located in such a way that it does not interfere with the general office area.

### *Library*

An Undertaking may maintain a small library containing books, magazines, etc. related to the products of manufacture. This library will naturally be different from the general public libraries. Main function of the library will be to house literature containing information of practical use to the staff of the undertaking. It requires more working and storing space compared to the space for reading. Library has to accommodate reading space of about 225 sft. and 120 sft. for the Librarian. Storing space for books shall be according to the standard of 25 books per sft.

### *Display or Showrooms*

This room is intended to display the products manufactured by the Undertaking and some models to show the process of manufacture etc. This may be located near the main entrance generally on the ground floor. Space requirements for display will vary according to the type of products manufactured in the Undertaking, and therefore a judicious assessment has to be made.

### *General*

Perhaps the most economical way of design for the Administrative Building will be to have a central corridor with office rooms

on either side. The spans suitable for office buildings are 12'-0" and 18'-0" on either side of the central corridor of 6'0" width with column spacings at 14'-0" c/c. If the building is air-conditioned, column spacing may be reduced to 10'-0" c/c. To effect economy on partitions and also for the optimum use of carpet area, staff should generally be accommodated in large halls. Rooms for individual officers should be kept to the minimum.

Economy in space can also be achieved by providing built-in storage for current records along the corridors walls abutting office space.

**Sanitary Units**

Scale should be as prescribed by the Indian Standards Institution No. 1172-1963. Extracts from Standards are given below for information:—

General Scale (excluding Heads of Organizations)

	For Male Personnel	For Female Personnel
Water Closets.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.
Water closets.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.
Urinals.	Nil upto 6 persons. 1 for 7-20 persons. 2 for 21-40 persons. 3 for 41-70 persons. 4 for 71-100 persons. From 101 to 200 persons, add at the rate of 3 per cent. For over 200 persons, add at the rate of 2.5 per cent.	Nil upto 6 persons. 1 for 7-20 persons. 2 for 21-40 persons. 3 for 41-70 persons. 4 for 71-100 persons. From 101 to 200 persons, add at the rate of 3 per cent. For over 200 persons, add at the rate of 2.5 per cent.
Wash basins.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.
Dressing water fountains.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.
Baths.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.
Cleaner's sinks.	1 for every 25 persons or part thereof.	1 for every 15 persons or part thereof.

Sanitary units should be rationally distributed and not scattered all over the office area incurring unnecessary expenditure on piping.

and also utilizing the basins of the building. These should be located around adequate size shafts or along the external walls of the building with the piping suitably concealed.

### Staircase

The sizes and number of the staircases are usually controlled by the fire safety requirements of the occupants. At the same time, the travel distance should not exceed 150'-0" of which more than 100'-0" should be along the corridor. Clear widths of 4'-0" and 6'-0" are suggested for subsidiary staircases and main staircase, respectively. Local bye-laws concerning the width of staircase, and fire regulations should also be taken into account in deciding the width of staircases.

### Lifts

These should be provided, if the building is having four or more than four storeys. **Scale of lifts:** One per 30,000 sq. ft. of plinth area. The total vertical circulation space (lifts and staircases) should not exceed 5 per cent of total plinth area.

### Corridor

A width of 6'-0" is considered adequate. In no case it should be more than 8'-0". Natural light may not be considered as essential but if provided at about 100'-0" intervals, it will improve appearance and ventilation and also will break the monotony of the long corridors. Borrowed light and ventilation from the ventilators located above the height of 7' from the office area is considered sufficient.

The total horizontal circulation space (including corridors, lobbies, passages etc.) generally should not exceed 15 per cent of the plinth area.

### Location

Location of the Administrative Building will be decided by the physical communication required with the plant it serves and also the approach roads to it from different sectors of the township.

The direction of the prevailing wind should be taken into consideration so that smoke, foul smell and other impurities are

kept away from the building. This is especially important in the case of undertakings manufacturing chemicals, pharmaceuticals, fertilizers, which produce obnoxious gases etc.

In the case of heavy engineering steel and other industries, care should be taken of the noise, vibrations, dust and fumes originating from the manufacturing plants.

Efforts should be made to have a Design Efficiency of 65 to 70 per cent of total floor area in case of framed structures (i.e. total floor area minus floor areas of sanitary accommodation, canteen and horizontal and vertical circulation space including entrance halls). This could be achieved by having minimum circulation spaces and keeping to the sizes of ancillary rooms such as Entrance Halls, Library, Display Rooms etc. and also by use of thinner partition walls.

### *Heights of Floors*

As clear height of 10'-0" to 11'-0" from floor to floor is adequate. Basement, if provided, should have a clear minimum height of 8'-0". If the building is air-conditioned, a height of 10'-0" from floor to floor is considered adequate. In this case, corridors may have 7'-6" as clear height with room for providing air-conditioning ducts above the ceiling of 7'-6".

### *Specifications*

(a) *Light & Ventilation*—Metal windows are preferable to wooden windows as they allow more glazed and are durable in the longer run. Also problem of termites etc. is avoided. Window area on external walls of office building will depend on (i) Elevational treatment and (ii) Climatic conditions but efforts should be to keep window area within the limit of 15-20 per cent of total floor area (excluding floor area occupied by services, i.e., sanitary units, horizontal and vertical circulation spaces). Sun breakers, if provided, should be functional and of such material which will not require heavy expenditure and maintenance costs.

(b) *Doors*—Doors placed towards one end will improve the space utilization inside the room and will allow for better furniture arrangement. For W.Cs. and Bath rooms, battened braced or panelled doors 2'-8"  $\times$  5'-6" height and raised by 3" from floor level are considered suitable. Sizes of doors may be:

- (i) Single leaf door 2'-8" to 3'-0"  $\times$  6'-8" (without fan light).

(ii) Double leaf door 4'-0" × 6'-8".

*Door fittings may be Anodised Aluminium.*

(c) *Flooring*—Entrance halls and Lift Lobbies may be provided with Marble, Kota or Sandstone flooring. Corridors, canteens, Library etc. where better type of flooring is desired, may have Mosaic flooring. Glazed ceramic tiles which can withstand washing with acid may be for Sanitary Units and laboratories. Other office areas may be provided with Indian Patent Stone flooring.

(d) *Walls*—In case of framed structure 9' thick masonry walls with cement plaster and cement paint on the external surface is considered suitable. Inner partition walls may be 4½" thick brick walls or light weight concrete panels or Vayutan—light weight material—developed by Hindustan Factory, Delhi. Conference Room may be provided with wooden panelling and accoustically treated for multipurpose use.

#### *Garages & Cycle Stands*

In the case of Public Sector Undertakings in general, there is no paucity of land. As the provision of space for garages on the ground floor in the Administrative Building is not economical, separate structures for garages and cycle stands may be considered. Bureau of Public Enterprises have evolved Type Designs for Garages and Cycle-stands, for the guidance of the Public Sector Undertakings.

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APPENDIX IV

(Vide Page 13 of the Report)

No. BPE/GI-013/77/CON/515/32/77/BPE(C)/145

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF FINANCE (VITTA MANTRALAYA)

Bureau of Public Enterprises (Sarkari Udyam Karyalaya)

Construction Division (Nirman Prabhag)

F-Wing, Nirman Bhawan,

New Delhi-110011, the 16th May, 1977.

OFFICE MEMORANDUM

SUBJECT.—*Guidelines for floor areas for officers and staff in administrative office buildings in Public Sector Undertakings—  
Revision thereof.*

A reference is invited to BPE's Circular No. 591-Adv(C) [Cir-73/70 dated 10th April, 1970 in which the floor areas that may be provided for the officers, technical staff and ministerial staff in the administrative offices were indicated. These standards were based on the norms applicable to Central Government offices as prescribed by Ministry of Works & Housing. The Government of India have recently revised the norms of office accommodation for Central Govt. offices due to the high cost of office accommodation and the need for utmost economy in utilisation of office space. The revised scale of office accommodation prescribed by the Ministry of Works & Housing are as under:—

Sl. No.	Categories of officers	Entitlement of office accommodation
1	2	3
1.	Officers drawing Rs. 2000/- and above p. m.	240 sft. (22 sq. m.)
2.	Officers drawing Rs. 1100/- and above but less than Rs. 2000/- p.m.	120 sft. (11. sq. m)
3.	Gazetted officers drawing pay less than Rs. 1100/- p.m. excluding Section Officers.	60 sft. (5.5 sq. m.)

1	2	3
4.	Section Officers in the Secretariat/Attached Officers.	60 sft. (5.5 sq. m.)
5.	Technical staff such as Draughtsman, Tracers & Estimators etc.	60 sft. (5.5 sq. m.)
6.	Ministerial staff such as Superintendents, Head Clerks, Assistants, Clerks, Daftries etc.	40 sft. (3.5 sq. m.)
7.	Ministerial staff such as Superintendents, Head Clerks, Assistants, Clerks & Daftries.	40 sft. (3.5 sq. m.) plus 10% of entitlement for current records.

2. The above revised scales of accommodation are to be adopted by the public sector enterprises in designing their administrative buildings. For planning other ancillary requirements such conference room, storage, canteen, library circulation etc.; guidelines recommended in B.P.E.'s circular No. 591-Anv(C)|Cir-73|70 dated 10th April, 1970 may be followed.

3. The total estimated requirement of office accommodation determined on the basis of revised scales would be subject to the following austerity cuts:—

Entitlement	Percentage of cut
Upto 30,000 sft. (upto 2700 sq. m.)	10%
More than 30,000 sft. (more than 2700 sq. m.)	15%

4. The Ministry of Industrial Development etc. are kindly requested to bring this to the notice of public sector enterprises under administrative control for their guidance.

sd/-

(R. G. GOKHALE)

Adviser (Construction).

To

All Ministries/Departments of the Govt. of India

All F.As in the Department of Expenditure.

All Public Sector Enterprises and their Units.



**APPENDIX—V**

(Vide para 3 of Introduction)

**Analysis of Action Taken by Government on the Recommendations contained in the Tenth Report of the Committee on Public Undertakings (Sixth Lok Sabha).**

**I. Recommendations that have been accepted by Government:**

Serial Nos. 2, 4, 6, 8, 9, 10, 11, 13 and 16 . . . . .	9
Percentage to total . . . . .	52.94%

**II. Recommendations which the Committee do not desire to pursue in view of the Government's replies :**

Serial Nos. 15 and 17 . . . . .	2
Percentage to total . . . . .	11.77%

**III. Recommendations in respect of which replies of Government have not been accepted by the Committee:**

Serial Nos. 1, 3, 5, 7, 12 and 14 . . . . .	.
Percentage to total . . . . .	35.89%