

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

(SIXTH LOK SABHA)

**TWENTY FOURTH REPORT**

**ON**

**EXPENDITURE ON HIRING OF STORAGE  
SPACE BY PUBLIC UNDERTAKINGS**

*[Presented to Lok Sabha on 26-3-1979]*

*[Laid in Rajya Sabha on 26-3-1979]*



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## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Report on "Expenditure on Storage space hired by Public Undertakings."

As many as 67 Public Enterprises incurred on hiring of godown space a total expenditure of Rs. 5251.65 lakhs of which a sum of Rs. 2101.50 lakhs was laid to private parties during the period 1974-75 to 1976-77. Nearly a third of these Enterprises went in for hiring private storage space only. In some cases the rent paid is exorbitant. The Food Corporation of India alone accounted for about 65 per cent of the total expenditure on hiring of storage space during the period under review. It is a matter of concern that the storage capacity hired by FCI at fabulous amounts is not fully utilised throughout and the wasteful expenditure was of the order of Rs. 20 crores. Unless a single unified agency is created and made responsible for management of godowns on a scientific basis, such wastage is bound to continue. The Central Warehousing Corporation is such an agency which can be broad-based to ensure better management of storage capacity.

It should be made mandatory for the public sector enterprises to make use of Government owned or controlled Warehouses wherever available and in other places Government should take up a project in consultation with the National Building Construction Corporation and National Building Organisation who should be asked to design the cheapest type of utility oriented warehouses. A system of pooling of resources by public enterprises at each place to accomplish this should be considered, so that on the one hand the capital cost may not be a deterrent to any particular enterprise and on the other hand the optimum utilisation of the facility created in common could be ensured by the Central Warehousing Corporation.

The Committee considered and adopted this Report at their sitting held on 21st March, 1979.

JYOTIRMOY BOSU,

NEW DELHI;  
March 22, 1979

Chairman,  
Committee on Public Undertakings

Chaitra 1, 1901 (S)

## REPORT

### I

#### EXPENDITURE ON HIRING OF STORAGE SPACE BY PUBLIC UNDERTAKINGS

1.1. The Committee on Public Undertakings called for details from all the Public Undertakings regarding their expenditure on hiring storage space during the years 1974-75, 1975-76 and 1976-77 as follows:—

- (a) Monthly rent paid to private parties with their addresses and the area rented. Amount of advance, if any, given to the owner, date on which the advance was given and the effective date from which warehouse/godown was taken on rent.
- (b) Rent paid to warehousing Corporation and other public institutions.

1.2. From the written information furnished to the Committee, it is found that 101 Public Undertakings did not incur any expenditure on hiring of storage space. Out of remaining undertakings, nine hired storage space only from Public Institutions, 38 from both public and private parties and 20 from private parties only. The total expenditure incurred by all these 67 public undertakings on hiring of storage space during 5251.647 lakhs. Some of the public undertakings did not furnish complete information or information required in the manner by the Committee.

1.3. The information furnished by the other Public Undertakings who are spending on hiring of godowns has been analysed and the important points emerging out of such analysis are discussed in the succeeding paragraphs.

#### *Undertakings hiring Public storage space only*

1.4. 9 Public Undertakings, hired storage accommodation only from public sector institutions and incurred an expenditure of Rs. 165.46 lakhs during the period. The details in regard to these undertakings are given in Appendix I.

Out of these nine public undertakings the following undertakings have incurred expenditure in excess of Rs. 10 lakhs in the year:—

	1974-75	1975-76	1976-77
	(In lakhs of Rs.)		
(1) Hindustan Petroleum Corpn. Ltd. . . . .	..	22.46	20.36
(2) Madras Fertilizers Ltd. . . . .	45.74	33.84	39.52

#### *Undertakings hiring of Private storage space only*

1.5. 20 Public Undertakings hired godowns only from private parties during the period under review. These Public Undertakings incurred expenditure of Rs. 20.44 lakhs on hiring of godowns from 1974-75 to 1976-77. The details in regard to these undertakings are given in Appendix II.

The following two undertakings have incurred expenditure in excess of Rs. 1 lakh yearly in one or more years on hiring private storage space:—

Name of the Undertaking	Expenditure on hire (1974-75 to 1976-77)		
	(In lakhs of Rs.)		
	1974-75	1975-76	1976-77
1. Handicrafts and Handlooms Corpn. of India Ltd.	2.03	2.03	2.53
2. H. M. T. (International) Ltd. . . . .	..	3.37	3.54

#### *Undertakings hiring both private as well as public storage space*

1.6. 38 Public Undertakings incurred an expenditure of Rs. 5065.82 lakhs in hiring of godowns/warehouses from private parties and warehousing Corporation etc., during three years (1974-75 to 1976-77). The details are given in Appendix III. Out of this, an amount of Rs. 2080.14 was paid to private parties and Rs. 2985.68 lakhs to Warehousing Corporations and other public institutions.

1.7. In respect of 17 Undertakings, the expenditure incurred on hiring private storage space was more than the expenditure on hiring public space. Out of these, in 14 cases, the expenditure on hiring private godowns was more than Rs. 1 lakh and the difference between the expenditure on hiring private storage space and the ex-



penditure on hiring public godowns also exceeded Rs. 1 lakh. The following table indicates the details of expenditure on hiring private-storage space as compared with the expenditure on hiring public-space by the said 14 public undertakings:—

Name of the Undertaking	Total Expenditure on hire during (1974-75 to 1976-77)	
	Private space	Public Space
1. Air India . . . . .	3.84	1.26
2. C. W. C. . . . .	80.99	17.01
3. Electronics Trade and Technology Development Corp. Ltd. . . . .	2.57 (For 2 years only)	0.44
4. Hindustan Photo Films Mfg. Co. Ltd.	12.25	1.55
5. Hindustan Antibiotics . . . . .	2.71	0.98
6. I. O. C. Ltd. . . . .	7.93	5.96
7. I.T.I. Bangalore . . . . .	6.25	1.43
8. Mica Trading Corpn. . . . .	1.80	0.13
9. M. A. M. C. . . . .	1.737 (Exp. in 1976-77 was Rs. 1.76)	0.12
10. N.S.I. Corpn. . . . .	1.80	0.13
11. N. T. C. (Maharashtra-North)	5.16	0.88
12. O. N. G. C. . . . .	38.02	36.09
13. S. T. C. . . . .	499.27	142.83
14. T. T. C. I. . . . .	3.52 (for two years)	1.60

1.8. 11 Undertakings have incurred expenditure exceeding Rs. 10 lakhs, on an average, per annum as per the details indicated in the following table:—

Name of the Undertaking	Total expenditure on hire during 1974-75 to 1976-77		
	Private space	Public space	Total
	1	2	3
			4
			(Rs. in lakhs)
1. Bharat Earth Movers Ltd. . . . .	1.59	20.11	21.70 (for 2 years only)
2. Caltex Oil Refining (India) Ltd.	0.67	14.58	15.25 (for 1 yr. only)

1	2	3	4
3. C. I. W. T. C. . . . .	0.03	53.49	53.52
4. Central Warehousing Corporation	80.99	17.01	98.00
5. Cotton Corpn. of India	23.98	34.43	58.41
6. F. C. I.	1209.30	2264.92	3474.22
7. J. C. I.	22.83	46.60	69.43
8. M. N. T. C.	13.76	71.03	84.79
9. O. N. G. C.	38.02	36.09	74.11
10. S. T. C. . . . .	499.27	142.83	642.10
11. H. S. L. . . . .	117.00	226.84	343.84

1.9. The Committee find that 67 Public Undertakings incurred on hiring of godown space a total expenditure of Rs. 5251.65 lakhs of which a sum of Rs. 2101.50 lakhs was paid to private parties during the period 1974-75 to 1976-77.

1.10. It is a matter of real concern to the Committee that in spite of expanded activities of public institutions, these public undertakings themselves have to go in for hiring of godowns from private parties. The Committee, therefore, feel that there is imperative need for the Government to have a close look at the matter and to adopt suitable corrective methods to ensure that within a reasonable time, the godown requirements of all Public Undertakings are fully met from within the resources of the public warehouses and storages etc., themselves.

1.11. The Committee find to their surprise that there are 20 Public Undertakings listed in Appendix II who went in for hiring of godown space only from private parties. The Committee deplore that the continued patronage of private sector by these 20 public Undertakings to the complete exclusion of public institutions for a period of three years. The Committee, therefore, require that all these 20 public undertakings should be directed in unambiguous terms to make sure that within a specified period they completely switch over to hiring of godown space from public institutions, the hiring of private godowns being continued only at such places where there are no public godowns at all or are not otherwise available.

## II

### UNDER-UTILISATION OF STORAGE SPACE

#### Food Corporation of India

2.1. Out of the total expenditure of Rs. 5251.64 lakhs incurred on hiring of godown space by the 67 Public Undertakings listed in Appendices I, II and III, the Food Corporation of India alone accounted for 3474.22 lakh. Thus, this Corporation, which has been entrusted with the responsibility of handling procurement and distribution of foodgrains and fertilizers for the Central Pool, spends double the amount on hiring of godown space as compared to the total expenditure in this regard incurred by the remaining 66 Public Undertakings put together.

2.2. Out of the total expenditure of Rs. 3474.22 lakhs incurred by the Food Corporation of India during the three-year period, an amount of Rs. 1209.30 lakhs was spent on hiring of godowns from private parties.

2.3. The following table shows the year-wise position in respect of the expenditure incurred by the F.C.I. on hiring of godown space from private parties *vis-a-vis*, the expenditure on hiring of godowns from public institutions:—

Year	Expenditure (in lakhs of Rupees) on hiring of godowns space from	
	Private parties	Public institutions
1974-75 . . . .	213.24	363.72
1975-76 . . . .	273.21	359.25
1976-77 . . . .	722.85	1601.95
<b>TOTAL . . . .</b>	<b>1209.30</b>	<b>2264.92</b>

2.4. It will be seen from the above table that the expenditure being incurred by the F.C.I. on hiring of godown space from private parties has been going up from year to year and the expenditure so incurred in 1976-77 was more than three times the corresponding expenditure in 1974-75.

2.5. The Committee, therefore, called for the figures of expenditure incurred by this Corporation during 1977-78 also and find that during this year the expenditure on hiring of godown space from private parties further increased to Rs. 939.58 lakhs, as against Rs. 1876.49 lakhs spent on hiring of godown space from public institutions

2.6. The F.C.I. had a total godown capacity\* of 19.00 million tonnes at the end of 1976-77, the break-up of which is indicated

<i>Storage Capacity</i>	(Million Tonnes):
Owned . . . . .	5.9
Hired . . . . .	5.6
CAP . . . . .	7.5
	-----
TOTAL . . . . .	19.00
	-----

2.7. As regards the extent of utilisation of the godown space by the F.C.I., it will be seen from the table below that the percentage utilisation which had fallen down to as low a figure as 30 per cent in 1973-74, picked up gradually, but after touching 87 per cent in 1976-77, it again fell down to 67 per cent in 1977-78. The rent paid on unutilised hired accommodation ranged from Rs. 90.49 lakhs (in 1975-76) to as high as Rs. 460.78 lakhs (in 1973-74):—

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\*Excluding godown space used for Fertilisers.

GODOWN SPACE IN F.C.I.

(In lakh tonnes)

Year	Owned by F.C.I.	Hired	C.A.P.*	Total	Percentage of utilisation	Godown rent paid on hired accommodation (Rs. in lakhs)	Proportionate rent on unutilised hired accommodation (Rs. in lakhs)
1971-72	40.45	42.22	8.58	91.25	75.50	767.59	188.06
1972-73	47.59	31.50	16.64	95.73	50	898.70	419.35
1973-74	51.47	27.16	4.97	83.60	30	658.26	460.78
1974-75	53.44	19.82	5.93	78.59	34	537.46	354.72
1975-76	54.71	37.35	19.92	111.98	85	603.29	90.49
1976-77	59.00	56.00	75.00	190.00	87	N.A.	N.A.
1977-78	65.00	81.00	70.00	216.00	67	N.A.	N.A.

(Source : Performance budgets of the Corporation for 1974-75 to 1978-79).

\*Cover and Plinth.

2.8. It is, thus, seen that the F.C.I. pays increasingly high amounts as godown rent every year for the storage capacity which is not fully utilised throughout the year. As a matter of fact, the position was so bad in 1972-73, 1973-74 and 1974-75 that, on the basis of the overall percentage of utilisation, even the owned godowns space of F.C.I. was more than the space utilised, with the result that there was no need to go in for hiring of any private godown space during any of these years. In the Report of the C&AG of India—Union Government (Commercial) 1976—mention has been made of under-utilisation of the godown space (owned and hired) by the F.C.I. The under-utilisation has been mainly attributed to shortfall in the actual procurement, increase in demand of foodgrains for public distribution system from the Central Pool and frequent changes of policies of the State Governments in the matter of utilising the services of the F.C.I. for procurement in the States. The F.C.I. assesses the requirement of storage space on the basis of estimated levels of procurement, the stock already in hand and the estimated movements.

2.9. The Food Corporation of India alone accounted for about 66 per cent of the total expenditure on hiring of storage space during the period 1974-75 to 1976-77.

2.10. It is a matter of concern to the Committee that the storage capacity (for foodgrains) hired by the F.C.I. at fabulous amounts is not fully utilised throughout the year for diverse reasons. The position in this regard was so bad in 1972-73 to 1974-75 that, on the basis of overall percentage of utilisation, even their own godown space was more than the space utilised, with the result that with proper planning the hiring of private godowns at a total cost of more than Rs. 20 crores could have been avoided by the FCI during these years. It is apparent to the Committee that in the absence of a system, whereunder godown space vacated by the FCI from month to month could be simultaneously put to use by other Undertakings, the storage capacity of FCI is bound to be wasted on a continuing basis. Such an arrangement, in the opinion of the Committee, can only be brought about by implementing the recommendation made in their 9th Report (4th Lok Sabha) about creation of single unified agency responsible for carrying out the specialised function of management of godowns on a scientific basis. In the opinion of the Committee, the Central Warehousing Corporation is the agency which can be broadbased to ensure better utilisation of storage capacity. For this purpose, the provisions in the Central Warehousing Corporation Act, prescribing the functions of this Corporation, should be suitably amended.

### III

#### CENTRAL WAREHOUSING CORPORATION

3.1. The Central Warehousing Corporation incurred total expenditure amounting to Rs. 98 lakhs during the 3 years period. Out of this, a major portion, i.e., Rs. 80.90 lakhs, was paid to private parties as against Rs. 17.01 lakhs paid to public institutions in the form of godown rent. The figures of yearly expenditure on hiring of godowns from private parties, viz., Rs. 3.43 lakhs in 1974-75, Rs. 19.35 lakhs in 1975-76 and Rs. 58.21 lakhs in 1976-77 also show that the expenditure on this account has been increasing at an alarmingly high rate. On the other hand, the godown rent paid to public institutions which was Rs. 1.36 lakhs in 1974-75 and went upto Rs. 9.11 lakhs in 1975-76 dropped down to Rs. 6.54 lakhs in 1976-77.

3.2. The Committee called for the figures for 1977-78 also and find that the position was no better in that year because the expenditure on hiring of godown space from private parties was of the order of Rs. 16.22 lakhs as against Rs. 0.35 lakhs spent on hiring of such space from public institutions.

3.3. In their 9th Report (4th Lok Sabha), on Central Warehousing Corporation, the Committee had recommended (*vide* para 83, p. 27) that "the ownership of all the warehouses owned or financed by the Central Government should be with one body i.e. Central Warehousing Corporation, which should work on a commercial basis." This recommendation was made in view of low rates of occupancy of the warehouses. The Committee had also enumerated in Para 94 of the Report the advantages of entrusting the work to the C.W.C. in comparison to handling separately by the C.W.C. and the F.C.I. These advantages were discussed by the Committee in the following terms:—

- (i) The average occupancy of the warehouses of the Central Government and the Food Corporation of India is stated to have been below 40 per cent during the last year. The changes in procurement policy of the Government and the fluctuating agricultural situation in the country do not admit of any guarantee for the continual minimum

occupancy for all times. If the warehouses are operated by the Central Warehousing Corporation, it would be possible to store commodities on behalf of State Governments, other Public Sector Undertakings, large producers etc. Central Warehousing Corporation's cost of storage will thus be lower, while on the other hand the Central Government/Food Corporation of India etc. will be paying for the space actually used by them.

- (ii) If the procurement, storage and distribution is done by the same agency, it may not be possible to exercise adequate check to ensure whether the foodgrains brought for storage are of the standard quality or that they have not deteriorated during storage or that infested grains are not issued for consumption.
- (iii) Storage of foodgrains under Departmental management, as in the case of Central Government warehouses, may be a burden on the public exchequer while the Central Warehousing Corporation will add to expense as it would lead to triplication of material and services.

3.4. In para 95 of the same Report, the Committee had recommended the entrusting of storage work to C.W.C. in the following words:—

“The Food Corporation of India should be asked to work out its cost of storage and if it is found to be higher than the cost at which the Central Warehousing Corporation is operating, there is no reason why the storage work should not be entrusted to the Central Warehousing Corporation. This will also result in reduction of the storage charges of the Central Warehousing Corporation. The Committee have no doubt that entrusting of storage work to one agency would result in overall efficiency and economy.”

In their action taken reply, the Government had stated as follows:—

“.....the Food Department and the Food Corporation of India have to maintain huge stocks of foodgrains and the storage space available with them is much larger than that available with the Central Warehousing Corporation. Transferring all the godowns with the Food Department and Food Corporation of India to the Central Warehousing Corporation would mean bringing in an



intermediary and which may not also be desirable from the administrative point of view. This would also turn the Central Warehousing Corpn. into a storage agent mainly on behalf of the Food Department and the Food Corporation of India thus defeating the very object for which the Central Warehousing Corporation was set up. The Warehousing Corporation Act has prescribed certain specific functions of the Central Warehousing Corporation and these would not appear to envisage the Central Warehousing Corporation acting merely as the storage agent of the Food Department and the Food Corporation of India."

[PP. 17 and 19 of the 32nd Report of CPU (4 L.S.) Replies to S. No. 12 and S. No. 13]

3.5. The above mentioned reply of Government was furnished by them in October, 1968. The experience during the years that followed has clearly shown that the occupancy rate of the godown space hired by the Food Corporation of India has continued to remain low. This had dropped down to a frighteningly low level of 30 per cent in 1973-74 and in spite of improvement thereafter it went up only to 67 per cent in 1977-78. There is, therefore, justification for reviewing the stand taken by the Government in 1968 and for a serious examination of the feasibility of entrusting the entire storage work to the Central Warehousing Corporation in the interest of overall efficiency and economy.

3.6. The Committee find that the Corporation incurred a total expenditure of Rs. 98 lakhs on hiring of godowns during the 3 year period (1974-75 to 1976-77), out of which Rs. 80.99 lakhs had gone to private parties which is indicative of the fact the C.W.C. have not been able to add to the godowns space owned by them as was warranted. The Committee, therefore recommended that the C.W.C should be provided with sufficient funds for building its net work of godowns throughout the country so that it may gradually come up to play effectively the role of handling of storage work for all public undertakings in future.

## IV

### TEA TRADING CORPORATION OF INDIA

4.1. The case of the Tea Trading Corporation of India reveals a very peculiar picture. It is seen that this Corporation has been hiring godown space from private parties at Calcutta and during 1976-77 the monthly expenditure incurred in this connection amounted to about Rs. 16,000 P.M.

4.2. As against the position stated above, the Corporation have, under a directive from Government been burdened with effect from 1st May, 1974, with the Management of two public tea warehouses at Calcutta on which they suffer losses from year to year, which are reimbursable to them by the Tea Board. The loss on management of these public tea warehouses went up from Rs. 8.31 lakhs in 1974-75 to Rs. 24.70 lakhs in 1976-77.

4.3. It has been stated that the two Public Tea Warehouses (Sales Tea Warehouse and Libyan Tea Warehouse) which belong to the Calcutta Port Trust, were managed by M/s. Balmer Lawrie & Co. Ltd. and the same were closed in early 1972. For the benefit of providing employment to some of the retrenched employees, the Government of India arranged for the resumption of working of the two warehouses. The property, belonging to Calcutta Port Trust, was leased at rental basis upto year 2000. The Tea Board was given the responsibility of arranging for their management. These warehouses are now being managed by the Tea Trading Corporation of India. In Calcutta, there are 53 registered Tea Warehouses for pre-auction teas with a total capacity of 22 lakh sft. including the said two Public Tea Warehouses covering 7 lakh sft.

4.4. Although Tea production has been increasing, the volume of tea coming to Calcutta for sale on the Auction has reduced following the opening of Auction Centres at Gauhati and Siliguri. The capacity available in the pre-auction tea Warehouses in Calcutta is surplus to its requirement and will continue to be so unless tea offering in the Calcutta Auctions improve substantially.

4.5. Against this background, full utilisation of the capacity available at the two Public Tea Warehouses with storage of tea alone is not possible and as the fixed overhead on rental and minimum

wages is over Rs. 40 lakhs per annum, this activity cannot be made viable.

4.6. The T.T.C.I. themselves also make use to some extent, of one of these two warehouses by storing their original teas purchased from Auction, but for blending purposes they have to draw the teas and transfer the same to other godowns where blending and packaging operations are done. This considerably adds to the transport cost and thus the entire operation becomes expensive. The plans of the T.T.C.I. for a composite warehouse-cum-packaging factory are stated to be under execution.

4.7. During evidence, the Committee desired to know whether there was any rigid provision anywhere to the effect that these warehouses could not be used for any purpose other than storing of pre-auction teas. The Managing Director in reply, was not able to refer to any such rigid provision in the Rules, but stated:—

“The labour is for movement of cargo, movement of tea up and down. The other type of labour we use for blending, packing and re-packing. These are two different types of labour in Calcutta area. These people who carry and store tea cannot pack teas. We cannot utilize that labour for our work. It is not that we do not want to give them work. We want to utilize warehouse to the maximum possible extent. Upto December (in 1977-78) we have done very well and then warehouses were closed for three months. We had a marginal loss. The matter has been brought to the notice of the Chairman, Tea Board.

The situation is that we do not get any support from any producer.”

In reply to a further question, the Managing Director of T.T.C.I. admitted that it was not an impossible proposition to make these two warehouses suitable for purposes other than storing of pre-auction teas alone.

Asked about the steps being taken by the T.T.C.I. to reduce the losses on the management of these public tea warehouses, the witness stated:—

“What we have asked the Government is that these warehouses should be taken over by the Warehousing Corporation of India. They can utilise the warehouses more fully; they may keep tea or other things.”

The witness added:

"We tried to return one of them but they said that since it has been rented out to us we will have to use it. If there is somebody else who has better expertise and opportunities to store more, it can be made viable."

4.8. The Committee find from the draft plan of the TTCI for 1978-79 that the problem being faced in regard to public tea warehouses has been appreciated by the Ministry and it is decided that their management should be transferred to an Organisation specialised in this aspect of business such as the Central Warehousing Corporation who may be able to make better utilisation of the storage facility available in the Public Tea Warehouses.

On this assumption, the TTCI have made no provision in their Plan for capital outlay for improving the facilities available in the two warehouses.

4.9. The Tea Trading Corporation of India, which is suffering losses in the management of Public Tea Warehouses in Calcutta is hiring godown space for its own use in Calcutta at a considerable expenditure of about Rs. 16,000 per month. The reasons for this state of affairs have been attributed to the fact that the Public Tea Warehouses, belonging to the Calcutta Port Trust and taken on rent by the Government (the Sales Tea Warehouse and Libyan Warehouse), are only storing warehouses with no facility for blending and packaging of tea.

4.10. The Committee would, therefore, strongly urge that the management of the Public Tea Warehouses should immediately be transferred to an organisation like the Warehousing Corporation of India who should make full use of these warehouses, if necessary, by making suitable alterations to make them fit for taking in commodities other than tea also. In the alternative, Government should seriously consider the desirability of making suitable structural alterations of these two Public Tea Warehouses in order to make them fit for blending and packaging operations of the Tea Trading Corporation of India to enable them to concentrate their operations at one place, thereby reducing their overall cost and ensuring full utilisation of the Tea Warehouses in question. As admitted during evidence by the Managing Director of the TTCI himself, this is not an impossible proposition to be put into effect.

V

EXCESSIVE RATES OF HIRING PRIVATE STORAGE SPACE

5.1. On a scrutiny of rates of hiring private storage space by PUs, the Committee find that some of the Public Undertakings paid excessive rates in comparison to other Public Undertakings. Details of rates paid for hiring private storage space by Public Undertakings in some major cities of the country are indicated in the table given below:—

Name of P. U.	(@per sq; ft.) (in Rupees)			
	Delhi	Calcutta	Bombay	Madras
1. Handicrafts and Handloom Exports Corpn. of India Ltd.	1.75 (Daryaganj)  2.00 (New Rohtak Rd.)  2.00 (Connaught place)  2.00 (Sadar Bazar)  2.00 (N.D.S.E.)		1.00 Weadela Road	3.00 (Tyappa Mudali St)
2. Air India .	..	0.30 Calcutta Airport (from LAAI)		1.00 North Beach Rd.
3. Bharat Earth Movers, Ltd.		6.50 (Hide Rd. Extension)	0.90 (Lower Parel)	
4. Central Warehousing Corporation			1.00 (Bhandup)  0.90 (Mulard)	1.00
5. Electronics Trade and Technology Development Corpn. Ltd.			2.25 (Mulard)  2.40 (Mazgaon)	

Name of P. U.	Delhi	Calcutta	Bombay	Madras
6. I. T. I. Bangalore	0.90 (Daryaganj)		1.50 (Mazgaon)	1.20 (Armenian Street)
7. O. N. G. C.		1.00	4.00 (Lower Parel)  7.00 (Kurla)	1.00
8. S. T. C.			1.00 (Muland)  2.40 (Worli)  2.00 (Patkar Marg)	

5.2. It is seen from the table given above that Handicrafts and Handloom Exports Corporation hired private storage space at the Rate of Rs. 2 per sq. ft. in Connaught Place and Sadar Bazar which are important commercial centres at Delhi. Rate of hiring was same in N.D.S.E. which is one of the posh areas of New Delhi. It is, however, surprising that same rate i.e. Rs. 2 per sq. ft. was paid to one Shri H. S. Kohli for hiring private storage space in New Rohtak Road area which is comparatively of far less commercial importance. It is further seen that the Corporation paid to one Mr. D. Annemalai Rs. 3.00 per sq. ft. at Madras while other Public Undertakings like C.W.C. and I.T.I. Bangalore managed to hire private storage space at Madras at the rate of Re. 1 per sq. ft.

5.3. The rates of hiring private storage space by Public Undertakings like C.W.C., S.T.C., I.T.I., Bangalore in Muland and Bhandup Areas of Bombay was about Re. 1 per sq. ft. But the Electronics Trade and Technology Development Corporation Ltd. paid an excessive rate of Rs. 2.25 per sq. ft. to Janta Warehousing Corporation in the Muland area. This Corporation also paid Rs. 2.40 per sq. ft. for hiring private storage space in Mazgaon Area of Bombay whereas I.T.I., Bangalore managed within Rs. 1.50 per sq. ft. in the same area.

5.4. The rates paid by BEML and ONGC were incredibly high. BEML paid a rate of Rs. 6.50 per sq. ft. in Hide Road Extension of Calcutta and ONGC paid at Bombay Rs. 4.00 and Rs. 7.00 per sq. ft. in Lower Parel and Kurla areas to M/s. Dhanraj Mills (P) Ltd. and Uttam Vilas Trust respectively. In this connection, it is significant

that BEML hired storage space at the rate of Re. 0.90 in Lower Parel itself. Rates of hiring storage space by S.T.C. at Worli (Rs. 2.40 per sq. ft. to one Shri Hansraj Pregji) and Patker Marg (Rs. 2.00 per sq. ft. to M/s. Motor House, Ltd.) areas of Bombay also seem to be excessive.

5.5. In the matter of rates of hiring storage space at places other than the above mentioned four major cities, certain disturbing features have come to the notice of the Committee. The Banana and Fruit Development Corporation Ltd., paid cold storage charges @ Re. 1 per c.f.t. per month in 1975-76 to a private party, viz., M/s. Allana Cold Storage, Pvt. Ltd., Bombay. In this context, it is surprising to note that the very next year i.e., in 1976-77, when public cold storage space (Himachal Pradesh, Horticulture Produce Marketing & Processing Corporation Ltd., Bombay) became available @ 28 paise per c.f.t. per month, the cold storage rent charged by the above mentioned private party (viz. Re. 1 in 1975-76) was also reduced to 28 paise per c.f.t. in 1976-77.

5.6. Hindustan Photo Films Manufacturing Co. Ltd. hired cold storages from private parties at rates ranging from Rs. 4 to Rs. 5.50 per s.f.t. which appear to be quite excessive and thus created genuine doubts about favouritism having been shown to parties like Freezing Products and Crescent Cold Storage from whom such cold storages were hired during all the three year period.

5.7. O.N.G.C. hired private storage space in Barotiwala Industrial Area (Himachal Pradesh) from two different parties. It is surprising to see that the rate paid in one case was just 20 paise per sq. ft. while in the other case it was a little over Rs. 1 per sq. ft. paid to M/s. Pearl Plastics of Greater Kailash, New Delhi.

5.8. A number of cases where the rate of rent for hiring of private godown space was obviously quite high, have come to the notice of the Committee. The Electronics Trade and Technology Development Corporation Ltd., paid an excessive rate of Rs. 2.25 per sq. ft. for private godown space in the Muland area in Bombay, as against the rate of about Re. 1 per sq. ft. paid by certain other Undertakings (Like CWC, STC, ITI, Bangalore) for hiring such space in Muland and Bhandup areas of Bombay. The E.T.T.D.C. also similarly paid a rate of Rs. 2.40 per sq. ft. in Mazagon Area of Bombay as against a rate of Rs. 1.50 per sq. ft. paid by the ITI, Bangalore in the same area. The Committee would like these cases to be investigated.

5.9. The Banana and Fruit Development Corporation paid cold storage charges @ Re. 1 per cft. per month in 1975-76 to a private

party in Bombay. The very next year (1976-77) when public cold storage space became available to the Corporation in Bombay at a rate of 28 paise per cft. per month, the private party of 1975-76 also reduced the charges to 28 paise per cft. There is, therefore, need for further probe into the payment of higher rate of Re. 1 per cft. per month in 1975-76 to the private party, viz M/s. Allana Cold Storage Private Ltd., Bombay.

5.10. The BHEL paid a rate of Rs. 6.50 per sq. ft. in Hide Road Extension of Calcutta and ONGC paid rates of Rs. 4 and Rs. 7 per sq. ft. in Lower Parel and Kurla areas respectively in Bombay. In this connection, it is significant that the BHEL themselves hired some storage space in Lower Parel at a rate of Rs. 0.90 per sq. ft. The rates of Rs. 2.40 per sq. ft. and Rs 2.00 per sq. ft. paid by the STC at Worli and Patker Marg areas, respectively, of Bombay also appeared to be excessive. The Hindustan Photo Films Manufacturing Co. Ltd. hired cold storages from private parties at rates ranging from Rs. 4 to 5.50 per sq. ft which also appear to be quite excessive All these need to be looked into.

5.11. The ONGC hired private storage space in Barotiwala Industrial Area of Himachal Pradesh from two different parties and it is surprising to note that the rate paid in one case was Re. 1 per sq. ft. while in the other case the rate was just 20 paise sq. ft. The justification for hiring accommodation at higher rates needs to be investigated for removing any suspicions of favouritism in this regard.



## VI

### FURNISHING OF INCOMPLETE INFORMATION

6.1. Some of the public undertakings did not furnish complete information and it has thus not been possible for the Committee to arrive at the annual expenses incurred on hiring of public and private storage space by them. For this reason, the cases of such corporations have not been included in any of the Appendices I to III.

6.2. The Annual Accounts of four such Public Undertakings for the years 1974-75 and 1975-76, however, show that their total annual expenses on account of storage/rent were as follows:—

(Rs. in lakhs)

Name of P. U.	1974-75	1975-76	1976-77
1. Indian Dairy Corpn. (Incl. Insurance)	12.52	46.88	41.62
2. F. A. C. T. . . . .	13.92	17.96	..
3. I. D. P. L. (Rent) . . . . .	5.91	7.02	11.59
4. Banana and Fruit Development Corpn. Ltd. (Rent) . . . . .	0.08	0.49	0.67

It will be seen from the above mentioned figures that the I.D.C., the FACT and IDPL are incurring considerable expenditure on storage rent.

6.3. The Fertilizer and Chemicals Travancore Ltd. did not indicate in most of the cases the date of occupation of the premises from private parties. The Indian Dairy Corporation has stated that the payment was made on actual basis. Indian Drugs & Pharmaceuticals Ltd., has informed that there are no separate figures mentioned in respect of godowns/warehouses and, hence the information furnished is in respect of both office-cum-godowns. The Banana and Fruit Development Corporation has stated that godowns rent was paid on the basis of per carton per annum or per truck load per annum.

6.4. Apart from the 4 Public Undertakings listed above, another Undertaking, namely Bharat Aluminium Co. Ltd., also did not furnish information on the lines asked for by the Committee. This

Undertaking has, however, stated that its hiring charges were negligible.

**6.5. The Committee cannot but express their unhappiness over the fact that the Indian Dairy Corporation, the FACT and the IDPL, who are incurring considerably high expenditure on storage rent have not furnished the information in this regard in the manner desired by the Committee. This is a serious lapse on the part of these Undertakings which displays a sense of irresponsibility and non-corporation that is not conducive to proper accountability to Parliament and ought therefore to be curbed.**

## VII

### GENERAL

7.1. In the context of huge expenditure being incurred by Public Sector enterprises on hiring of storage space year after year and in view of what strikes one as inordinately high rate of rent paid to private parties by a number of enterprises, the Committee expect the following action to be initiated forthwith:

- (1) It should be made mandatory for the Public Sector Undertakings to make the use of government or public sector owned Warehouses wherever available. In other places government should take up a project in consultation with the National Building Construction Corporation and National Building Organisation who should be asked to design the cheapest type of utility oriented warehouses.
- (2) The existing arrangements of a long term nature with the private parties should be reviewed to ascertain besides the need and the extent of utilization, the reasonableness or otherwise of the rate of rent and to discontinue the arrangements as early as possible wherever the justification is not clearly established.
- (3) In future before hiring storage space from private parties the public undertakings should be under an obligation to ascertain from the Government and other Public Sector Organisations as well as Cooperative Institutions having storage space, about the availability of accommodation. It is only when the non-availability is clearly indicated should there be a resort to hiring of private accommodation. Even then the reasonableness of rent should be got certified by either the Central Public Works Department or other expert organisation such as the Central Warehousing Corporation.
- (4) On the basis of an assessment of need for storage space over a period of time, action should be taken to acquire or construct godowns etc., as it should be economical in the long run rather than depend on private parties. A system of pooling of resources by the Public Enterprises at each

place to accomplish this should be considered, so that on the one hand the capital cost may not be a deterrent to any particular enterprise and on the other hand the optimum utilisation of the facility created in common may be ensured. Such common storage facility could be managed by the Central Warehousing Corporation.

NEW DELHI;

March 22, 1979.

Chaitra 1, 1901 (S).

JYOTIRMOY BOSU,  
*Committee on Public Undertakings.*  
Chairman,

**APPENDIX I**

**HIRING OF PUBLIC STORAGE SPACE**

(Ru. in lakhs)

S. No.	Name of P. U.	1974-75	1975-76	1976-77	Total
1.	C. E. L. . . . .	0.07	0.15	0.06	0.28
2.	G. R. S. E. . . . .	0.13	0.13	0.15	0.41
3.	Hindustan Aeronautics Ltd. . . . .	..	..	0.46	0.46
4.	Hindustan Fertilizer Corpn. Ltd. . . . .	..	..	..	0.04
5.	H.M.T. Ltd. . . . .	..	0.03	0.04	0.07
6.	Hindustan Petroleum Corpn. Ltd. . . . .	..	22.46	20.36	42.82
7.	Madras Fertilizer Ltd. . . . .	45.74	33.84	39.52	119.10
8.	The Project and Equipment Corpn. of India . . . . .	0.41	0.30	0.15	0.86
9.	National Projects Construction Corpn. of India Ltd. . . . .	0.01	0.38	1.07	1.46
		46.36	57.29	61.81	165.46

**APPENDIX II**

**HIRING OF STORAGE SPACE ONLY FROM PRIVATE PARTIES**

S. No.	Name of P.U.	1974-75	1975-76	1976-77	Total
1.	Bieco Lawrie Ltd. . . . .	0.38	0.64	0.26	1.28
2.	B. R. P. L. . . . .	0.09	0.12	..	0.21
3.	Handicrafts and Handloom Ex. Corporation	2.03	2.03	2.53	6.59
4.	Hindustan Copper Ltd. . . . .	0.16	0.24	0.24	0.64
5.	Hindustan Fertilizer Corporation Ltd. . .	0.24	0.24	0.24	0.72
6.	H.M.T. (Int) Ltd. . . . .	..	3.37	3.54	6.91
7.	Hindustan Zinc Ltd. . . . .	..	0.003	0.012	0.015
8.	IISCO Ltd. . . . .	0.13	0.16	0.17	0.46
9.	IMPEC . . . . .	0.20	0.20	0.20	0.60
10.	Indo Burma Petroleum Co. Ltd. . . . .	0.06	0.09	0.09	0.24
11.	Moghul Lines, Ltd. . . . .	0.05	0.05	0.05	0.15
12.	N. T. G. (DP & R) Ltd. . . . .	0.03	0.02	0.001	0.051
13.	N. T. C. (Gujarat) Ltd. . . . .	0.08	0.08	0.08	0.24
14.	N. T. C. (U. P.) Ltd. . . . .	0.001	0.003	0.003	0.007
15.	N. T. G. (W. B., Assam, Bihar & Orissa) Ltd. . .	0.19	0.19	0.19	0.57
16.	Pyrites, Phosphates and Chemicals Ltd. . . . .	0.01	0.01	..	0.02

S.No.	Name of P.U.	1974-75	1975-76	1976-77	Total
17.	Tannery & Footwear Corporation of India Ltd..	0.10	0.11	0.11	0.32
18.	Water and Power Dev. Consul, Services Ltd. ■	..	0.03	0.16	0.19
19.	Mandya National Paper Mills Ltd. . ■	0.09	0.26	0.30	0.65
20.	National Instruments Ltd. . . . .	..	..	0.40	0.40
					20.363

### APPENDIX III

#### Hiring of Storage Space—Both Private and Public

(Rs. in lakhs)  
Warehousing Corporation etc. (B)

#### Private Parties (A)

S.No.	Name of P.U.	1974-75	1975-76	1976-77	Total	1974-75	1975-76	1976-77	Total	1976-77	Total	Total of (A)&(B)
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Air India	0.96	1.44	1.44	3.84	0.21	0.32	0.73	1.26	0.73	1.26	5.10
2	Balmer Lawrie & Co.	0.27	0.80	1.80	1.87	1.25	3.33	3.86	8.44	3.86	8.44	10.31
3	B.E.M.L.	..	0.48	1.11	1.59	..	9.86	10.25	20.11	10.25	20.11	21.70
4	B.E.L.	..	0.41	0.67	1.00	..	0.25	0.53	1.98	0.53	1.98	2.46
5	B.H.E.L.	..	0.02	0.03	0.10	..	1.28	1.88	3.16	1.88	3.16	3.26
6	Caltech Oil Refining (I) Ltd.	..	0.67	..	0.67	..	14.58	..	14.58	..	14.58	15.25
7	C.C.I. (Cement)	..	..	0.87	0.87	..	0.004	0.007	0.01	0.007	0.01	0.88
8	Cent. Cott. Ind. Corpn. of India Ltd.	0.	0.37	0.37	1.11	1.12	0.94	0.94	3.00	0.94	3.00	4.11
9	C.I.W.T.C.	0.	0.009	0.009	0.028	26.16	11.51	15.82	58.49	15.82	58.49	53.51
10	C.W.C.	3.	19.35	58.21	80.99	1.96	9.11	6.54	17.01	6.54	17.01	98.00
11	C.C.I. (Cotton)	..	4.73	19.14	23.98	13.23	9.19	12.01	34.43	12.01	34.43	58.41
12	Elec. Tr. & Tech. Dev. Corpn.	..	0.57	2.57	2.57	..	0.25	0.10	0.44	0.10	0.44	3.01
13	Fertiliser Corpn. of India Ltd.	0.11	0.15	0.14	0.40	0.19	0.25	0.25	0.19	0.25	0.19	1.09



14	Food Corpn. of India	Food Fertilizer	213.24	270.75	690.00	1174.04	303.72	317.79	970.43	1591.94	3474.22
			..	2.46	32.80	35.26	..	41.46	631.52	672.98	
15	Hindustan Antibiotics Ltd.		0.86	0.86	0.99	2.71	0.17	0.17	0.64	0.98	3.69
16	Hindustan Insecticides Ltd.		..	..	..	0.37	..	..	..	1.09	1.46
17	Hindustan Photo Films Mfg. Ltd.		1.94	4.83	5.40	12.25	0.44	0.54	0.57	1.55	13.80
18	I.T.D.C.		0.09	0.37	03.87	0.23	0.55	0.83	0.44	1.82	2.65
19	I.O.C. Ltd.		1.61	3.19	3.13	7.93	1.37	2.16	2.43	5.96	43.89
20	Indian Petro Chemicals Corpn. Ltd.		0.58	0.75	0.01	1.34	..	..	6.69	6.69	8.00
21	Indian Rare Earth Ltd.		0.19	0.20	0.22	0.61	0.04	0.04	0.25	0.33	0.94
22	I.T.I. Ltd., Bangalore		2.08	2.08	2.09	6.25	0.43	0.43	0.57	1.43	7.68
23	J.C.I. Ltd.		1.42	1.81	19.60	22.83	14.57	10.21	21.82	46.60	69.43
24	Mica Trading Corpn. of India Ltd.		0.26	0.55	0.99	1.80	0.04	0.05	0.04	0.13	1.93
25	The M. M.T.C. of India Ltd.		3.26	6.95	3.55	13.76	19.03	27.86	24.14	71.03	84.79
26	M.A.M.C. Ltd.		..	0.003	1.76	1.763	..	0.90	0.03	0.12	1.883
27	Modern Bakeries (I) Ltd.		0.007	..	..	0.007	0.15	0.34	0.26	0.75	0.757
28	National Fertilizers Ltd.		0.004	0.06	0.03	0.094	..	0.21	0.01	0.22	0.314
29	N.S.C.		2.10	3.97	7.76	13.83	2.61	5.62	6.34	14.57	28.40
30	N.S.I. Corpn. Ltd.		0.40	0.40	0.34	1.14	0.01	0.01	0.002	0.022	1.162
31	N.T.C. (Mah. North) Ltd.		1.72	1.72	1.72	5.16	0.24	0.32	0.32	0.88	6.04

	1	2	3	4	5	6	7	8	9	10	11
32 O.N.G.C.	.	.	3.05	15.32	19.65	38.02	4.18	12.91	19.00	36.09	74.11
33 S.F.C.I. Ltd.	.	.	0.52	0.25	0.98	1.15	0.25	0.18	0.03	0.46	1.61
34 S.T.C.	.	.	117.73	189.47	192.07	499.27	33.94	49.96 4	59.93	142.83	642.10
35 Boharo Steel Ltd.	.	.	..	0.90	..	0.09	0.01	0.01	0.01	0.03	0.12
36 H.B.L.	.	.	15.60	28.23	73.17	117.00	47.63	66.00	113.21	226.84	348.84
37 N.T.C. (Holding Co.)	.	.	..	..	0.02	0.02	..	0.03	0.71	0.74	0.76
38 T.T.C.J.	.	.	..	0.68	2.84	3.59	..	..	1.60	1.60	9.12
										2985.682	
										2080.142	

## APPENDIX IV

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

Sl. No.	Reference to Para No. in Report	Summary of Recommendations Conclusions
1	2	3
1	1.9	The Committee find that 67 Public Undertakings incurred on hiring of godown space a total expenditure of Rs. 5251.65 lakhs of which a sum of Rs. 2101.50 lakhs was paid to private parties during the period 1974-75 to 1976-77.
	1.10	It is a matter of real concern to the Committee that in spite of expanded activities of public institutions, these public undertakings themselves have to go in for hiring of godowns from private parties. The Committee, therefore, feel that there is imperative need for the Government to have a close look at the matter and to adopt suitable corrective methods to ensure that within a reasonable time, the godown requirements of all Public Undertakings are fully met from within the resources of the public warehouses and storages etc., themselves.
2	1.11	The Committee find to their surprise that there are 20 Public Undertakings listed in Appendix II who went in for hiring of godown space only from private parties. The Committee deplore that the continued patronage of private sector by these 20 public undertakings to the complete exclusion of public institutions for a period of three years. The Committee, therefore, require that all these 20 public undertakings should be directed in unambiguous terms to make

1	2	3
		<p>sure that within a specified period they completely switch over the hiring of godown space from public institutions, the hiring of private godowns being continued only at such places where there are no public godowns at all or are not otherwise available.</p>
3	2.9	<p>The Food Corporation of India alone accounted for about 66 per cent of the total expenditure on hiring of storage space during the period 1974-75 to 1976-77.</p>
	2.10	<p>It is a matter of concern to the Committee that the storage capacity (for foodgrains) hired by the F.C.I. at fabulous amounts is not fully utilised throughout the year for diverse reasons. The position in this regard was so bad in 1972-73 to 1974-75 that, on the basis of over all percentage of utilisation, even their own godown space was more than the space utilised, with the result that with proper planning the hiring of private godowns at a total cost of more than Rs. 20 crores could have been avoided by the FCI during these years. It is apparent to the Committee that in the absence of a system, whereunder godown space vacated by the FCI from month to month could be simultaneously put to use by other Undertakings, the storage capacity of FCI is bound to be wasted on a continuing basis. Such an arrangement, in the opinion of the Committee, can only be brought about by implementing the recommendation made in their 9th Report (4th Lok Sabha) about creation of single unified agency responsible for carrying out the specialised function of management of godowns on a scientific basis. In the opinion of the Committee, the Central Warehousing Corporation is the agency which can be broad based to ensure better utilisation of storage capacity. For this purpose, the provisions in the Central Warehousing Corporation Act, prescribing the functions of this Corporation, could be suitably amended.</p>

1	2	3
4	3.6	<p>The Committee find that the Corporation incurred a total expenditure of Rs. 98 lakhs on hiring of godowns during the 3 year period (1974-75 to 1976-77), out of which Rs. 80.99 lakhs had gone to private parties which is indicative of the fact the C.W.C. have not been able to add to the godown space owned by them as was warranted. The Committee, therefore recommend that the C.W.C. should be provided with sufficient funds for building its net work of godowns throughout the country so that it may gradually come up to play effectively, the role of handling of storage work for all public undertakings in future.</p>
5	4.9	<p>The Tea Trading Corporation of India, which is suffering losses in the management of Public Tea Warehouses in Calcutta is hiring godown space for its own use in Calcutta at a considerable expenditure of about Rs. 16,000 per month. The reasons for this state of affairs have been attributed to the fact that the Public Tea Warehouses, belonging to the Calcutta Port Trust and taken on rent by the Government (the Sales Tea Warehouse and Libyan Warehouse), are only storing warehouses with no facility for blending and packaging of tea.</p>
	4.10	<p>The Committee would, therefore, strongly urge that the management of the Public Tea Warehouses should immediately be transferred to an organisation like the Warehousing Corporation of India who should make full use of these warehouses, if necessary, by making suitable alterations to make them fit for taking in commodities other than tea also. In the alternative, Government should seriously consider the desirability of making suitable structural alterations of these two Public Tea Warehouses in order to make them fit for blending and packaging operations of the Tea Trading Corporation of India to enable them to concentrate their operations at one place, thereby reducing their overall cost and ensuring full utilisation of the Tea Warehouses in question.</p>

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As admitted during evidence by the Managing Director of the TTCI himself, this is not an impossible proposition to be put into effect.

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5.8

A number of cases where the rate of rent for hiring of private godown space was obviously quite high, have come to the notice of the Committee. The Electronics Trade and Technology Development Corporation Ltd., paid an excessive rate of Rs. 2.25 per sq. ft. for private godown space in the Muland area in Bombay, as against the rate of about Rs. 1/- per sq. ft. paid by certain other Undertakings (like CWC, STC, III Bangalore) for hiring such space in Muland and Bhandup areas of Bombay. The E.T.T.D.C. also similarly paid a rate of Rs. 2.40 per sq. ft. in Mazagon Area of Bombay as against a rate of Rs 1.50 per sq. ft. paid by the III Bangalore in the same area. The Committee would like these cases to be investigated.

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5.9

The Banana and Fruit Development Corporation paid cold storage charges @ Re. 1 per cft. per month in 1975-76 to a private party in Bombay. The very next year (1976-77) when public cold storage space became available to the Corporation in Bombay at a rate of 28 paise per cft. per month, the private party of 1975-76 also reduced the charges to 28 per cft. There is, therefore, need for further probe into the payment of higher rate of Re. 1/- per cft. per month in 1975-76 to the private party, viz. M/s. Allana Cold Storage Private Ltd., Bombay.

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5.10

The BHEL paid a rate of Rs. 6.50 per sq. ft. in Hide Road Extension of Calcutta and ONGC paid rates of Rs. 4 and Rs. 7 per sq. ft. in Lower Parel and Kurla areas respectively in Bombay. In this connection, it is significant that the BHEL themselves hired some storage space in Lower Parel at a rate of Rs. 0.90 per sq. ft. The rates

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		<p>of Rs. 2.40 per sq. ft. and Rs. 2.00 sq. ft. paid by the STC at Worli and Patker Marg areas, respectively of Bombay also appeared to be excessive. The Hindustan Photo Films Manufacturing Co. Ltd. hired cold storage from private parties at rates ranging from Rs. 4 to 5.50 per sq. ft. which also appear to be quite excessive. All these need to be looked into.</p> <p>The ONGC hired private storage space in Barotiwala Industrial Area of Himachal Pradesh from two different parties and it is surprising to note that the rate paid in one case was Re. 1 per sq. ft. while in the other case the rate was just 20 paise sq. foot. The justification for hiring accommodation at higher rates needs to be investigated for removing any suspicious of favouritism in this regard.</p>
10	6.5	<p>The Committee cannot but express their unhappiness over the fact that the Indian Dairy Corporation, the FACT and the IDPL, who are incurring considerably high expenditure on storage rent have not furnished the information in this regard in the manner desired by the Committee. This is a serious lapse on the part of these Undertakings which displays a sense of irresponsibility and non-corporation that is not conducive to proper accountability to parliament and ought therefore to be curbed.</p>
11	7.1	<p>In the context of huge expenditure being incurred by Public Sector enterprises on hiring of storage space year after year and in view of what strikes one as inordinately high rate of rent paid to private parties by a number of enterprises, the Committee expect the following action to be initiated forthwith:</p> <p>(1) It should be made mandatory for the Public Sector Undertakings to make the use of government or public sector owned Warehouses wherever available. In other places government should take up a project in consultation with the National</p>

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Building Construction Corporation and National Building Organisation who should be asked to design the cheapest type of utility oriented warehouses.

- (2) The existing arrangements of a long term nature with the private parties should be reviewed to ascertain besides the need and the extent of utilisation, the reasonableness or otherwise of the rate of rent and to discontinue the arrangements as early as possible wherever the justification is not clearly established.
- (3) In future before hiring storage space from private parties the public undertakings should be under an obligation to ascertain from the Government and other Public Sector Organisations as well as Cooperative Institutions having storage space, about the availability of accommodation. It is only when the non-availability is clearly indicated should there be a resort to bring of private accommodation. Even then the reasonableness of rent should be got certified by either the Central Public Works Department or other expert organisation such as the Central Warehousing Corporation.
- (4) On the basis of an assessment of need for storage space over a period of time, action should be taken to acquire or construct godowns etc., as it should be economical in the long run rather than depend on private parties. A system of pooling of resources by the Public Enterprises at each place to accomplish this should be considered, so that on the one hand the capital cost may not be a deterrent to any particular enterprise and on the other hand the optimum utilisation of the facility created in common may be ensured. Such common storage facility could be managed by the Central Warehousing Corporation.