

PUBLIC ACCOUNTS COMMITTEE

(2000-2001)

EIGHTEENTH REPORT

(THIRTEENTH LOK SABHA)

WASTEFUL EXPENDITURE ON RENT

Presented to Lok Sabha on: 22.12.2000

Laid in Rajya Sabha on : 22.12.2000

LOK SABHA SECRETARIAT

NEW DELHI

December 2000 / Agrahayana 1922 (SAKA)

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PUBLIC ACCOUNTS COMMITTEE

(2000-2001)

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 3. Shri Devender Singh - Deputy Secretary
 4. Shri B.S.Dahiya - Assistant Director

* Elected w.e.f. 2 August, 2000 vice Shri Rajesh Pilot expired.

** Elected w.e.f. 25 August, 2000 vice Shri Vayalar Ravi ceased to be a Member of Committee on completion of his tenure in Rajya Sabha.

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Eighteenth Report (13th Lok Sabha) on Paragraph 3.1 of Audit Report of Comptroller and Auditor General of India for the year ended March 1997, No.2 of 1998, Union Government(Civil) relating to “Wasteful expenditure on rent.”

2. The Report of the Comptroller and Auditor General of India for the year ended March 1997, No. 2 of 1998, Union Government (Civil) was laid on the Table of the House on 5th June, 1998.
3. The Committee (1998-99) took oral evidence of the representatives of the Ministry of Commerce at their sitting held on 17th December, 1998. The Committee(2000-2001) considered and finalised this Report at their sitting held on 20th December, 2000. Minutes* of the sitting form Part-II of the Report.
4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix-II* to the Report
5. The Committee would like to express their thanks to the Public Accounts Committee (1998-99) for taking evidence on paragraph 3.1 and obtaining information thereon.
6. The Committee would like to express their thanks to the Officers of the Ministry of Commerce for the cooperation extended by them in furnishing information and tendering evidence before the Committee.
7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of Comptroller & Auditor General of India.

NARAYAN DATT

TIWARI,

New Delhi

COMMITTEE

20 December, 2000

29 Agrahayana, 1922 (Saka)

*CHAIRMAN,
PUBLIC ACCOUNTS*

REPORT

INTRODUCTORY

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The Office of Joint Director General Foreign Trade (JDGFT), Chennai under the Ministry of Commerce was located in a hired building at Peter’s Road, Chennai since 12 October, 1987. The accommodation comprised

45,237 sq. ft. consisting of basement and three floors and was hired at Rs.2.11 lakh per month. In January, 1998 the office of JDGFT shifted to another private rented building at Whites Road, Chennai with plinth area of 16,594 sq. ft. at a monthly rent of Rs.3.40 lakh besides another accommodation of 3651 sq. ft. at monthly rent of Rs.36,510.

AUDIT APPRAISAL

2. This Report is based on Paragraph 3.1 of the Report of C&AG of India for the year ended 31 March, 1997, No.2 of 1998, Union Government (Civil) which is reproduced as Appendix to the Report.

3. The Audit paragraph reported that the Assistant Estate Manager (AEM), Chennai assessed the accommodation for the office of JDGFT, Chennai as 42,490 sq. ft. as against a maximum of 10,500 sq. ft. entitled to them by most liberal standards. The Director General, Foreign Trade (DGFT) not only failed to enforce compliance to his orders of 1990 for surrender of the excess rented accommodation consisting of 45237 sq. ft. at Rs.2.11 lakh per month held by JDGFT, Chennai until 1997, he also continued to accord sanction for the same, even though it was 4.5 times the requirement of 10500 sq. feet. JDGFT, Chennai continued to hold the excess accommodation for 82 months and incurred avoidable expenditure of Rs.1.33 crore on rent of the accommodation not required by them. The AEM, Chennai fixed the entitlement of his office at 10,500 sq. ft. only in October, 1996. Despite this JDGFT, Chennai surrendered only 11313 sq. ft. in October, 1997 and was holding 23424 sq. ft. extra entailing wasteful expenditure of Rs.1.09 lakh per month on rent.

4. The Committee's examination of some of the more important aspects are dealt with in the succeeding paragraphs.

A. EXCESS ASSESSMENT OF ACCOMMODATION

5. The Committee's examination on the basis of information furnished by the Ministry and the findings of the office of C&AG reveals that the office of the Joint Director of Foreign Trade (JDGFT), Chennai is like any other Government office. The Directorate of Estate, Ministry of Urban Development and Poverty Alleviation, has fixed accommodation scales for Government offices which includes norms for staff, conference room, visitors room, reception, telephone exchange, library, departmental canteen and old records, etc. These norms also apply to the office of JDGFT, Chennai.

6. When asked about the sanctioned staff of JDGFT, Chennai and the number of persons in position, the Ministry furnished the information according to which the sanctioned strength was 205 in 1987-88. As per the norms, the Office of JDGFT, Chennai was entitled to not more than 10,500 sq. ft. of accommodation even after providing for all miscellaneous requirement liberally.

7. Despite clear norms of office accommodation, AEM assessed the requirement of accommodation of JDGFT, Chennai at 42,490 sq. ft. in 1987 in place of a maximum of 11000 sq. ft. But in the year 1997, after a gap of 10 years, the AEM asked the JDGFT, Chennai to treat their earlier assessment as withdrawn and assessed the requirement as 10500 sq.ft.

8. When asked whether he stood by 10500 sq. ft. assessment, the AEM replied in the affirmative during

evidence. On the query regarding the basis of his calculation, the AEM stated during evidence as follows:

“We calculated this on the basis of information supplied to us. In 1987, they informed us that they were having 248 staff and so we assessed 42000 sq. ft. Subsequently, in 1993, they informed that they were having only 151 staff. The problem is that in 1987 they had demanded space even for peons. Actually in Government we never allow separate space for peons. They have not given the correct position. Out of 171, 25 were peons. So, we gave more assessment to them.

But in 1993, when we made enquiry with them, then only we came to know that they have calculated peons with the staff but peons are not eligible for any separate space. That is why, the entire area is reduced”.

9. On being asked whether his calculations were on the basis of the guidelines prescribed by the Ministry of Urban Development and Poverty Alleviation, the AEM stated in affirmation during evidence.

10. The Committee enquired why the AEM certified the requirement now as only 10500 sq. ft. The DGFT stated during evidence that the AEM had made a mistake.

B. DELAY IN RE-ASSESSMENT OF REQUIREMENT OF ACCOMMODATION

11. According to Audit Paragraph the Director General of Foreign Trade (DGFT), New Delhi directed the JDGFT, Chennai in November, 1990 to reassess the requirement of office accommodation for his office after being pointed out by Regional Pay and Accounts Officer that on transfer of 20 staff to Coimbatore and Madurai, the requirement of accommodation should come down. The JDGFT, Chennai approached the Assistant Estate Manager, Chennai in September, 1993 for assessment of requirement of accommodation i.e. three years after the orders of DGFT. He did not furnish the information in the prescribed proforma, for which the Assistant Estate Manager had to revert back to him. Finally JDGFT sent the information in the prescribed proforma in December, 1995. The Assistant Estate Manager communicated his re-assessment of requirement of accommodation in October, 1996.

12. On being asked as to why did JDGFT, Chennai take about three years to comply with the orders of DGFT to ask the Assistant Manager of Estates to assess the requirement of office accommodation as per the norms, the Ministry of Commerce stated in a written reply as follows:-

“According to the information available on the files, the JDGFT, Chennai, never received the letter of the DGFT. It might have got lost in post transit.”

13. Explaining the position, the DGFT elaborated during evidence as follows:-

“.....In 1990, 20 posts were abolished. They were actually not abolished but they were shifted to some other regional offices in the same region like Coimbatore, Madurai, etc. So, those people got shifted. When those 20 people got shifted, at that time, the Assistant Pay and Accounts Officer of Chennai wrote to DGFT saying that 20 people had been shifted, therefore, 10,000 square feet of space should be surrendered to the landlord. It was in that context that in 1990, the DGFT wrote to the Chennai office saying that since our staff had been reduced and it has been pointed out by the Pay and Accounts Office, we have to get our requirement reassessed

and make the arrangements accordingly. This letter unfortunately is not traceable in the records of the JDGFT, Chennai.....”

14. In response to a query as to why it was necessary for JDGFT, Chennai, to send a request for assessment of requirement of accommodation to Assistant Estate Manager when norm for office accommodation fixed by Director of Estate was already available based on which the entitled accommodation would be worked out by any head of office, the Ministry of Commerce stated as follows:-

“After the expiry of the lease agreement for 5 years from 12.10.1992, the landlords insisted for the enhancement of the rent. The matter was referred to Headquarters. The Headquarters vide their letter No.1/3/81-Genl./1210 dated 17.5.1993 instructed this office to reassess the requirement of the office in consultation with the CPWD. Only because of that, this office had to approach CPWD for reassessment.”

15. On being asked to explain the reasons for delay of another two years by JDGFT, Chennai, in sending the information in prescribed proforma to the Assistant Estate Manager, Chennai, the Ministry stated as follows:-

“For issuing Fair Rent Certificate, the Assistant Estate Manager required the copy of sale deed, Corporation Tax receipts, building plan and previous Fair Rent Certificate, etc. etc. on 28.10.93. The same was sought from the landlords wherein there was a lot of exchange of correspondences and delay. It was only in November, 1994, that the Assistant Estate Manager wanted this office to give the details in prescribed proforma. In the meanwhile, the office decided to occupy General Pool Accommodation built by CPWD in the City and accordingly sent a request to them. Even for this, CPWD insisted on filling up the same proforma which was sent in connection with enhancement of rent. In response to this an immediate reply was sent by this office giving full details in the prescribed proforma in December, 1995.”

16. Elaborating the reasons for delay, the DGFT stated during evidence as follows:

“....., the 1990 letter was not received by the JDGFT in Chennai. In 1990, the letter was there. Then, in 1992, when the lease expired, this question became alive. At that time, when the JDGFT asked the Estates Office to renew this lease, it said. “No, you first get us all the original lease deeds and the taxes paid by them”, because this data was required for assessing the lease rent. In this context, what happened was, there were as many as 36 landlords in that building. Therefore, all the documents had to be signed by each of those 36 landlords. They had to produce rent receipts, their tax certificates, other documents, etc. So, that process took a further period of about two to three years. This is how this delay has taken place.”

17. In response to a query as to the reasons for delay of ten months from December, 1995 in sending his assessment of requirement of accommodation by Directorate of Estates, the Ministry of Commerce furnished a copy of letter dated 23.11.1998 received from AEM, Chennai. In the said letter the AEM, has inter-alia stated:

“A huge General Pool office Accommodation (GPOA), Rajaji Bhavan, measuring 2,47,125 Sq. ft with 20 closed Car Garages was constructed and completed during the month of December, 1995. The said GPOA was allotted to 55 different Central Government Offices/Departments occupying private rented buildings at Chennai. The allotment of office accommodation has been classified as “Top Priority” work, in order to avoid revenue loss to the Government and therefore the Assistant Estate Manager was busy with the said allotment work; holding discussions with various Heads of Offices/Departments to find out the suitability of the office space, area to be allotted; to ascertain optimum utilisation of office space by various offices; to assist CPWD in handing over and partition work; to sort out various problems arising out of allotment etc. Due to court case and MMDA restrictions on land-use, the Rajaji Bhavan building was not designed as a typical office accommodation building and it was constructed with huge Halls without partitions, officer’s cabin, strong rooms etc. Hence there were lot of problems in the allotment work. The laborious allotment work was completed only in the month of August, 1996. After the completion of Rajaji Bhavan allotment work, the re-assessment work of JDGFT work was taken up and completed in the month of October, 1996.”

RETENTION OF EXCESS ACCOMMODATION EVEN AFTER REASSESSMENT

18. As per the Audit paragraph even after the reassessment of requirement of accommodation by the AEM, Chennai in October 1996, JDGFT, Chennai, surrendered only 11313 sq. ft. one year later in October, 1997 instead of 34737 sq. ft. which should have been surrendered. The total wasteful expenditure on rent for 82 months on excess accommodation held by JDGFT from January 1991 to October 1997 aggregated to Rs.1.33 crore at the rate of Rs. 1.62 lakh per month.

19. When asked as to what were the reasons for non-surrender of the entire excess accommodation of 34737 sq. ft. by the JDGFT when the wasteful expenditure was obvious, the Ministry stated as follows:-

“According to the certificate of the Assistant Estate Manager dated 22.5.87, the requirement of this office was 42,490 sq. ft. and their office was occupying 45,327 sq. ft. after obtaining the approval from DGFT. This was based on actual requirements. Subsequently, when this office approached the Assistant Estate Manager for reassessing the entitlement in 1994 to consider the landlords’ request for enhancement of rent, the Assistant Estate Manager took a unilateral decision to drastically reduce the entitlement to a meagre 10,500 sq. ft. only in October, 1996 against their own recommendation of 42,490 sq. ft. in 1987. When the AEM’s attention was drawn to their own certificate dated 22.5.1987, he simply stated that their earlier certificate was issued erroneously and asked this office on 13.8.97 to treat his earlier certificate dated 22.5.87 as withdrawn after a gap of ten years.

In the meanwhile, DGFT resorted to abolition of posts in all the Port Offices and Chennai Office had to abolish 19 posts during January & June, 1996 since the working strength was reduced, we made some readjustments of the locations of different sections. On 15.10.1997, the second floor was surrendered. Thereafter, due to heavy rains, the building itself was damaged on 08.12.1997 and it was declared as unsafe for occupation by the CPWD. From that date onwards, no rent was paid to the landlords and the office was shifted to a new building at Whites Road.

It may, therefore, be seen that no excess accommodation was occupied beyond what was actually required. In this connection, it is also pointed out that this office maintains about 2,50,000 files from 1975

onwards. These cannot be destroyed unless proper audit is completed which is being done in a phased manner. This record room itself will require 5,000 – 6,000 sq. ft. which may not be as per the norms fixed by the CPWD.”

20. The Committee’s examination has also revealed that even after October, 1997 when JDGFT, Chennai surrendered only 11313 sq. ft. of the excess accommodation of 34737 sq. ft. he was still holding an excess accommodation of 23424 sq. ft. which is 3.2 times his requirement and incurred wasteful expenditure of Rs.1.09 lakh per month towards rent at the current rate. Thus there was wasteful expenditure of Rs.1.33 crore upto October 1997 and Rs.1.09 lakh/month thereafter on rent.

21. In reply to a question as to what was the reduction in the rent effected when accommodation of 11313 sq.ft. was surrendered in October, 1997, the Ministry of Commerce have given the following information :-

Basement rent	-	Rs. 51,183/-
Ground floor rent	-	Rs. 52,843/-
First floor rent	-	Rs. 53,610/-
Second floor rent	-	Rs. 53,610/-

Rs. 2,11,246/-

22. The Committee enquired about the accommodation which they were occupying in Calcutta and Mumbai offices and the payment that was being made. The Secretary (Commerce) stated during evidence that offhand he did not have the figures. The figures are yet to be received.

23. The Committee enquired whether any responsibility has been fixed for causing the wasteful expenditure of Rs.1.33 crore upto October 1997 and Rs.1.09 lakh per month thereafter on rent. The answer of the Ministry of Commerce was in the negative.

D. FAILURE OF DGFT IN ENSURING COMPLIANCE TO HIS ORDERS

24. According to the Audit para DGFT, New Delhi failed to enforce prompt compliance to his orders of November, 1990 for re-assessment of the requirement and surrender of the excess accommodation by JDGFT, Chennai despite obvious excess accommodation held by that Office, entailing wasteful recurring expenditure.

25. On being asked as to why DGFT, New Delhi did not follow up his own instructions for reassessment of requirement and surrender the excess accommodation, the Ministry of Commerce inter-alia stated as follows:-
 “The area requirement by each office is worked out by them strictly in accordance with the norms laid down by the Estate Office, therefore, each Zonal/Regional office works out its own area entitlement. Therefore, DGFT, New Delhi, do not have any specific instructions of its own for acquirement or surrender of area by any field office, it simply takes up the rental proposals received from various Zonal/Regional office with the Ministry of Commerce for their concurrence/approval.”

26. Elaborating the position, the DGFT stated during evidence:

“..... so far as the question of accommodation is concerned, this is a decentralised function with each Regional Office. The DGFT functions according to certain systems laid down where the Head of the Office, as per the standing norms, is the Estate Officer. In consultation with the Estate Office authorities, he is authorised to take decisions. When something is brought to the notice of the DGFT – in this case, it was brought to notice by the Pay & Accounts Officer - the DGFT intervenes. DGFT, only on the basis of external information, cannot issue orders without consulting the Regional Office.

27. The Audit para also highlights that DGFT continued to grant sanction for hiring of the entire accommodation even after 1990. The DGFT, New Delhi sanctioned continuance of lease on yearly basis and provided budget for rent on the ground that there was no increase in rent. The Committee enquired as to why DGFT, New Delhi continued to grant sanction for hiring of excess accommodation disregarding its own instructions for reassessment of accommodation. The Ministry of Commerce in a note, **Inter alia**, stated as follows:-

‘It is submitted that DGFT, New Delhi, did not issue sanction in regard to payment of rent after 1990 disregarding the advise of Regional Pay & Accounts Office, Madras. After his advice, the DGFT, had taken following steps:-

Asked the office of Joint Director General, Chennai to surrender surplus accommodation as suggested by the Regional Pay & Accounts Office, Chennai, to the landlord **vide** letter No.1/5/81-Genl./2718 dated 5.11.90.

The Pay & Accounts Office, Chennai, had also written to the Office of Joint Director General, Chennai, **vide** its letter No.RPAO/MOC/MDS/OA/91-92, dated 27.7.90 to surrender the surplus accommodation.

Vide letter No.1/3/81/Genl./1210, dated 17.5.93, DGFT, New Delhi, had again asked the office of Joint Director General, Chennai, to reassess the requirement of accommodation for their office.

Vide D.O. letter No.1/3/81/Genl-3405, dated 7.1.94, **inter alia**, DGFT, New Delhi, had asked the office of Joint Director General, Chennai, to surrender the surplus accommodation. Joint DGFT, Chennai did not agree to surrender the surplus accommodation on the following grounds:

There were 200 posts and the reduction was only 10%. Proportionate reduction of accommodation was not possible as the landlord was not prepared to surrender partial accommodation.

- (b) Premises are self-contained and 10% surrender could lead to security problems.
- (c) There are 50 lady employees in the office and cretch is required to be opened. Additional space was also necessary for installation of computer terminal; and
- (d) 5 cabins were to be constructed in the existing accommodation to adjust 5 DDGs additionally sanctioned for that office.

The proposal consisting of above grounds was taken up with the Ministry of Commerce for consideration as to whether that office could surrender the additional accommodation or retain it. The Finance Division of the Ministry of Commerce allowed continuation of the accommodation at the prevailing rate till next lease deed is renewed after 1998.’

E. REFUSAL OF JDGFT, CHENNAI TO MOVE TO GENERAL POOL ACCOMMODATION

28. The Audit Paragraph highlights that Assistant Manager of Estates, Chennai asked JDGFT, Chennai in April, 1991 and reminded him in July, 1991 to apply for accommodation in general pool accommodation of the Directorate of Estate. JDGFT did not respond and opted to continue in hired building.

29. On being asked whether the information was asked by the AEM in 1991 for accommodation needed by JDGFT, Chennai in the building to be constructed or the building was already for allotment, the Ministry of Commerce stated that no information was asked for by the AEM in 1991.

30. The scrutiny of the letter No.A2(140)98/AEMCMD/3356, dated 23.11.1998 from the Office of AEM, Chennai, indicates that the AEM, Chennai called for applications in the prescribed proforma in the year 1991 from all the Central Government Offices/Departments including JDGFT for allotment of General Pool accommodation to be constructed at the following places:-

Shastri Bhavan Annexe Building at Haddowos Road.
Rajaji Bhavan at Basant Nagar.

31. The Committee observed that the common plea of JDGFT, Chennai is that he did not receive the DGFT's letter of November, 1990, Pay and Accounts Office letter of July, 1990 and also the AEM's letter of April, 1991 and his reminder of July 1991. The Committee pointed out that the record must have been messed up that is why they could not locate the letter. When the Committee desired to know whether DGFT or the Secretary (Commerce) were convinced with such a response of JDGFT, Chennai. The Secretary (Commerce) stated during evidence:

“I have visited that office three times. The Government office system is like that. There is nothing that one could do. Today, the system is computerised. So, it is much easier today. But all this relates to the file of eighties. It is not today's file. This is the problem”.

32. When it was pointed out to Secretary (Commerce) that these were the current letters, the Secretary (Commerce) stated during evidence:

“There could have been an error”.

33. When asked to comment on the statement that JDGFT did not apply for General Pool Accommodation, the Secretary (Commerce) stated during evidence:

“That was far away, about 17 kms. away from the city and it is very difficult for exporters to go up and down that much distance everyday. Ours is a service department. We are supposed to provide service to importers and exporters. We have to take into account their interests also in finding the place. This place is centrally located in Chennai.”

34. The Committee wanted to know the position of the vacant General Pool Accommodation in Chennai since 1991 till date. The Office of the AEM, Chennai vide their letter dated 23.11.1998 stated as follows:-

<u>Year</u>	<u>Vacant area</u>	<u>Remarks</u>	1991 to
1993	NIL	NIL	
1994	23471 (Shastri Bhavan Annexe)	Fully allotted and occupied	
1995	NIL	NIL	
1996	2,47,125 (Rajaji Bhavan)	Fully allotted and occupied	
1997 to 1998	NIL	NIL	

35. On being asked whether it is the policy of the Government to go for hired accommodation only after obtaining “not available” certificate from local CPWD/Director of Estate, the Ministry of Commerce have referred to a letter dated 4.6.1986 according to which the Directorate of Estates/Regional Offices would continue to issue non availability certificates of office accommodation in the cities where General Pool accommodation is available to the Ministries/ Departments/Offices whose requirement of accommodation cannot be met from General Pool so that the Department concerned can take action for hiring private accommodation.

36. In reply to another question whether the DGFT and JDFT, Chennai, fulfilled this condition throughout the period 1991 to 1998, the Ministry of Commerce stated as follows:-

“No accommodation certificate” from the Assistant Estate Manager, Chennai, was obtained in 1987 when the building at 197, Peters Road, was occupied in 1987. In 1997, due to urgency, the matter was discussed with the Executive Engineer, CPWD and private building located.

37. The Committee enquired whether responsibility has been fixed in this regard. The Ministry of Commerce replied in negative.

PRESENT STATUS OF THE OFFICE OF THE JDGFT, CHENNAI

38. On being asked about the present status of the Office of JDGFT, Chennai, in terms of accommodation, plinth area held, rent paid per month etc., the Ministry stated as follows:

“Private rental building at 37-39, Whites Road, Royapettah, Chennai-600014.

Plinth Area	-	16,594 Sq. ft
Rent Paid	-	Rs.3,40,000/-

Besides this, another accommodation for office records has been hired at No.116, Greams Road, Chennai – 600006 with a plinth area of 3,651 Sq. ft. for a rent of Rs.10/- per Sq. ft. (Total rent Rs.36,510/-)”.

39. On being asked as to how long could the Ministry keep the files, the Secretary (Commerce) stated during evidence that till the audit was fully completed, they have to keep the files.

40. In reply to a related question, the JDGFT, Chennai stated during evidence that the audit for 1984 files was going on at present.

41. The Secretary (Commerce) requested the Committee during evidence to visit their office at Chennai and to see how cramped that office was. The Committee agreed to visit the office of JDGFT at Chennai.

42. The Committee visited the office of JDGFT at Chennai on 17 January, 1999. The Committee was conducted to the office rooms and record rooms. The Committee found that the office of JDGFT, Chennai was badly cramped and congested. The JDGFT, Chennai submitted to the Committee that lot of visitors come to the office daily and the conference room was far from adequate for the meetings held twice a month regularly.

43. When asked to state whether DGFT has reviewed the requirement of accommodation of different offices on the basis of norms and actual holding on receipt of audit paragraph, the Ministry of Commerce stated as follows:

“All the Zonal/Regional office hiring private accommodation for their offices send their proposal after assessing their requirement as per the norms fixed by the Estate Office. Thereafter, these proposals are taken up with the Finance Division of the Ministry of Commerce for their approval. Therefore, DGFT, New Delhi, do not have any role for the review of requirement of accommodation for any office. In case some audit para is raised in regard to requirement of any Zonal/Regional office then the DGFT, New Delhi, examines the matter after calling for necessary details from the concerned Zonal/Regional office.”

RESPONSE OF THE MINISTRY TO DRAFT AUDIT PARAGRAPH

44. According to the Audit Paragraph, the draft Audit Paragraph was referred to the Ministry in July, 1997 but the Ministry did not send any reply. The Committee asked whether the Ministry was aware of the instructions on the response to the draft Audit Paragraph issued by the Ministry of Finance at the instance of Public Accounts committee, the Ministry of Commerce replied in affirmative. They further stated that a reply is to be sent to the audit within six weeks of the draft paragraph.

45. On being asked to explain why the reply was not sent in compliance with the instructions of the Ministry of Finance, the Ministry stated that the reply could not be sent as comments from various quarters could not be collected in time.

46. During evidence, the Secretary, (Commerce) elaborating further **inter alia** stated that the draft audit para was received on 22 July, 1997 and the reply to the audit para should have been submitted within a prescribed period. He admitted that there was an error on the part of their office and of the office of the DGFT in not replying to that.

47. When asked to explain the system followed in the Ministry regarding the response to the Audit

Paragraph, the Ministry of Commerce in a note stated as follows:

“Action Taken Notes in respect of Audit Paras are to be submitted to the Monitoring Cell/Lok Sabha Secretariat duly vetted by Audit within 4 months after the Report are placed before Parliament by the Comptroller & Audit General of India.

On receipt of the Report of C&AG of India in this Ministry, the coordinating division, i.e., B&A Division will forward the copies of relevant paragraphs to the divisional heads concerned with a request to submit the Action Taken Notes on Monitoring Cell/Lok Sabha Secretariat duly vetted by Audit. The Divisional Heads will collect the requisite information from the organisation under their administrative control and prepare the Action Taken Notes. The ATNs will be sent to Audit for vetting and on return from Audit final ATNs will be submitted to the Monitoring Cell/Lok Sabha Secretariat direct from the Divisional Heads concerned under intimation to the B&A Division of this Ministry. B&A Division reminds the Divisional Heads once in a month for status of the Action Taken Notes.”

RECOMMENDATIONS/OBSERVATIONS

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48. The Office of the Joint Director General Foreign Trade(JDGFT), Chennai was located in a hired building at Peter’s Road, Chennai since 12 October, 1987. The accommodation comprised 45237 sq. ft. consisting of basement and three floors and was hired at Rs.2.11 lakh per month. The Office of JDGFT shifted to a private rented building at Whites Road, Chennai with plinth area of 16594 sq. ft in January, 1998 at a monthly rent of Rs.3.40 lakh besides another accommodation of 3651 sq ft at monthly rent of Rs.36510. The Committee’s examination has revealed glaring irregularities and lapses which have been highlighted in the succeeding paragraphs.

49. The Committee note that the Directorate of Estates (Ministry of Urban Development and Poverty Alleviation) fix accommodation norms for Government Offices which include norms for staff, conference room, visitors room, reception, telephone exchange, library, departmental canteen, old records etc. These norms also apply to the office of the JDGFT, Chennai like any other Government office. According to the Ministry, sanctioned strength of the office of JGDFT, Chennai in 1987-88 was 205. As per the norms, the Office of JDGFT, Chennai was entitled to not more than 10,500 sq. ft. of accommodation even after providing for all miscellaneous requirements liberally. The Committee’s examination of the Audit para, information furnished by the Ministry and the testimony of the witnesses revealed that despite clear norms for office accommodation, AEM assessed the requirement of accommodation of the office of JDGFT, Chennai as 42490 sq. ft. in 1987. When the matter was pointed out by Audit, the AEM asked JGDFT, Chennai to treat their earlier assessment of 1987 as withdrawn and assessed the requirement as 10500 sq. ft in 1997 after a gap of 10 years. During evidence, the Committee were informed by JDGFT, Chennai that AEM had made a mistake. The Committee are surprised to note that even if AEM had made a mistake, why DGFT, Delhi and JDGFT, Chennai did not calculate the area required on the basis of the norms stipulated by the Ministry of Urban Development for office accommodation. After appraisal of facts and testimony of witnesses, the Committee hold that the DGFT and JDGFT, Chennai are jointly responsible for hiring an area of about four times more than the required accommodation for the Office of JDGFT, Chennai. The Committee also note that the manner in which AEM, Chennai drastically reduced the

assessment of requirement of space of JDGFT Chennai, speaks volumes for the professional competence, objectivity and credibility of AEM.

50. Yet another irregularity found by the Committee is that DGFT not only failed to enforce compliance of its own orders of 1990 for surrender of the excess rented accommodation until 1997 but also continued to grant sanction for the same. According to Audit, the DGFT directed the JDGFT, Chennai in November 1990 to reassess the requirement of office accommodation after being pointed out by the Regional Pay and Accounts Officer. In September, 1993 i.e. three years after the orders of DGFT, the JDGFT, Chennai approached AEM that too not in the prescribed proforma. The JDGFT, Chennai sent the information in the prescribed proforma only in December, 1995. Strangely, according to the Ministry, JDGFT, Chennai never received the letter of DGFT. Regarding the delay in sending the information to the AEM in the prescribed proforma, the Ministry of Commerce stated that the information was sought from landlords leading to a lot of exchange of correspondence and delay. The Committee are perturbed to note that DGFT not only failed to enforce compliance of its own orders but also continued to accord sanction upto 1997 and JDGFT, Chennai continued to lease excess accommodation for seven years on one or the other grounds. The Committee hold both DGFT and JDGFT, Chennai responsible for hiring excess accommodation and recommend that a Committee may be constituted consisting of the representative(s) of the Ministry of Urban Development and Poverty Alleviation (Directorate of Estates) and the Ministry of Commerce (Office of the DGFT) to ascertain and fix the entitlement of the office of the JDGFT, Chennai.

51. The Committee have found that AEM, Chennai reassessed the requirement of accommodation for the office of JDGFT, Chennai in October, 1996 as 10500 sq. ft. The Committee are surprised to note that JDGFT, Chennai took one year to surrender only 11313 sq.ft. though as per the assessment of AEM they were required to surrender 34737 sq. ft., resulting in wasteful expenditure on rent for 82 months totaling Rs.1.33 crore on excess accommodation from January, 1991 to October 1997. When queried during evidence, the Secretary (Commerce) stated that off hand he did not have the comparative figures of accommodation held by Calcutta and Mumbai Offices. Surprisingly, economy of space does not appear to be the concern of DGFT and the Ministry of Commerce as they are yet to review the actual requirement of office accommodation on all India basis, especially in metropolitan cities where heavy and avoidable expenditure is being incurred on rent. The Committee expect that the Ministry of Commerce would adopt a holistic and all India approach to avoid infructuous expenditure on payment of rent. The Committee would also like to be apprised in the matter in due course.

52. The Committee note that the AEM, Chennai asked JDGFT, Chennai to apply for general pool accommodation of Directorate of Estate in April 1991 and reminded them in July, 1991. JDGFT, Chennai did not apply for general pool accommodation and continued its office in hired building. The Committee was informed in a written communication by the Ministry of Commerce that no information was sought for by AEM in 1991. The Committee are perturbed to observe that during evidence when the plea of JDGFT, Chennai not having received the letters of Pay and Accounts Officer dated July 1990, AEM dated April 1991 and his subsequent reminder dated July 1991 was brought to the notice of Secretary (Commerce) he deposed that "the Government office system is like that. There is nothing that one could do" and that "today the system is computerised". Such an attitude is unfortunate, for the Committee to not agree with the perception of the Secretary (Commerce) that

without computers it was not possible to safely arrange and retrieve vital government papers/files. This is nothing but sheer abdication of responsibility. The Committee are of the firm view that JDGFT, Chennai continued in the hired accommodation on one plea or another even after the General Pool Accommodation (GPOA) was offered to them. The Committee are anguished to observe that the Ministry reversed their stand during evidence when Secretary stated that GPOA was quite far off from Central Chennai, though in the advance information furnished to the Committee, the Ministry talked about other “lot of problems”, they had overcome by October, 1996. To add to their dismay, the Committee find that the “no accommodation certificate” required to be obtained from the AEM, Chennai was not obtained ostensibly on the ground of urgency by the JDGFT. The Committee would like the Ministry of Commerce to look into all attendant circumstances and facts which restrained JDGFT Chennai, to dispense with the mandatory requirement of rules.

53. The Committee note that the office of JDGFT, Chennai was shifted to another private rented building at Whites Road, Chennai with plinth area of 16,594 sq. ft. at a rental of Rs. 3,40,000 per month. In addition, another accommodation for office records has also been hired at No.116, Greams Raod, Chennai with a plinth area of 3,651 sq. ft. for a rent of Rs.36,510 per month. The Committee do not accept the plea of the Ministry that the DGFT has no role to review the requirement of accommodation for any office and that only when some audit para is raised, the DGFT examines the matter after calling for necessary details from the concerned zonal/regional office. The committee are of the opinion that on receipt of the draft audit para, DGFT should have reviewed the requirement of accommodation of all the regional/zonal offices to ensure that there is no excess accommodation in other offices also. They also desire that DGFT start the process of reviewing the requirement of accommodation of all the regional/zonal offices to ensure that there is no excess accommodation with any of them especially where their officers are located on rented premises.

54. The Committee found during study visit that precious space was occupied unnecessarily by old files which needed to be weeded out. They feel that JDGFT Chennai can certainly retrieve a lot of space if the files are reviewed/audited periodically with a view to weeding them out and the space thus vacated could be effectively and gainfully utilized or surrendered. The Committee desire that the JDGFT, Chennai start the work of microfilming the files earnestly and get the process of reviewing/auditing of the files expedited. They would like to be apprised of the action taken in the matter in right earnest.

55. Yet another glaring irregularity found by the Committee was that the Ministry of commerce did not reply to the draft audit paragraph inspite of the fact that they were aware of the instructions contained in O.M. No. F-32(9)/EGI/60 dated 3 June, 1960, issued by the Ministry of Finance, Department of Expenditure at the instance of Public Accounts Committee. During evidence, the Secretary admitted that there was an error on the part of their office and of the office of DGFT in not replying to the draft audit para. The Committee hope that the Ministry would give prompt and adequate attention to the audit observation so that preventive and corrective action is taken timely.

NEW DELHI,
20 DECEMBER, 2000

NARAYAN DATT TIWARI,
CHAIRMAN,

29 AGRAHAYANA 1922 (SAKA)

PUBLIC ACCOUNTS COMMITTEE.