

COMMITTEE ON PUBLIC UNDERTAKINGS
(1978-79)

(SIXTH LOK SABHA)

FORTY-SECOND REPORT.

ON

**PERQUISITES ENJOYED BY PUBLIC SECTOR
EXECUTIVES**

AND

**PERQUISITES ENJOYED BY AIR INDIA
EXECUTIVES—A CASE STUDY**

Presented to Lok Sabha on 23-4-1979

and

Laid in Rajya Sabha on 24-4-1979



**LOK SABHA SECRETARIAT
NEW DELHI.**

April, 1979/Vaisakha, 1901 (S)

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CORRIGENDA

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Page No.	Para No.	Line	For	Read
11	2.5	5 from bottom	Add the word "of" after the word "case"	
13	2.6	7	Bureadu	Bureau
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35	6.11	3	(i) Executive (ii) Personnel	exclusive personal
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42	6.25	8	Add the word "statement" before the word "given"	
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46	6.40	Table col.4, line 1	production	reduction
47	6.40	col.3 line 3	alternation	alteration
47	6.40	col.3 line 2	against 1976-77	
47	6.40	col.3 line 2	withhold	withheld
48	6.43	1	para 6.8	para 6.9
50	7.1	15 to 17	"Unless the per- quisite are brou- ght which will have wider social repercussions especially for low	"Unless the perquisites are brought within reasonable limits immedi- ately, the perpe- tuation of the existing"

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1978-79)

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

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

INTRODUCTION

1. The Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report on their behalf, present this Forty-Second Report on "Perquisites enjoyed by Public Sector Executives and Perquisites enjoyed by Air India Executives—A Case Study".

2. This Report is based on the analysis of the written information received from 173 Public Undertakings regarding expenditure incurred by them in providing perquisites to their executives. The Committee also took oral evidence of the representatives of the Air India.

3. The Committee's examination of the subject has been frustrated in a large measure because of the scanty and evasive information perhaps very reluctantly furnished by the Public Undertakings. What is worse, the term 'perquisites' we were told is yet to be given a precise definition by the Bureau of Public Enterprises who are supposed to co-ordinate and oversee their functioning with the result that each enterprise has been at liberty to interpret it in the way suited to it. The Committee have found an unaccountable non-acceptance of the restrictions imposed by Government and of the guidelines issued by the Bureau from time to time.

4. With all the above limitations, the picture that has emerged is ample proof of the style of super lavish living by the top executives in public sector especially in Air India which can only cause a serious deleterious demonstration effect on the masses in general and the not-so-well placed employees of the Central Government|Railways, P. & T. etc., in particular.

5. The perquisites enjoyed by Air India executives are unsurpassed in the annals of Public Sector enterprises. Section II of this Report bears eloquent testimony to this. It would be no exaggeration to say that some of them are embodiments in flesh and blood of the insignnia of the national carrier, viz., the Maharajah.

6. The Committee considered and adopted this Report at their sittings held on 20th April, 1979.

NEW DELHI;
April 21, 1979

Vaisakha 1, 1901 (S).

JYOTIRMOY BOSU,
Chairman,
Committee on Public Undertakings.

INTRODUCTORY

1.1. The Committee on Public Undertakings called for information from all the Public Undertakings for the years 1974-75, 1975-76 and 1976-77 in regard to expenditure incurred by them in providing perquisites to Chairman, Managing Directors and other Directors|Executives. In particular, the Committee desired to have the details of expenditure on (a) rent for the residence and (b) interior decoration at the residence of Chairman|Managing Directors and other Directors|Executives drawing more than Rs. 2,000 P.M.

1.2. Section I of this Report deals with the information furnished by 173 Public Undertakings on perquisites provided to their Chairman|Chairman-cum-Managing Directors| Managing Directors and the review covers three-year period upto March, 1977.

1.3. As a case study the Committee undertook a close scrutiny of perquisites enjoyed by all the executives drawing emoluments more than Rs. 2000 per month in the course of their examination of certain aspects of the working of Air India. The result of this study is set out in Section II of this Report.

II

SECTION I

PERQUISITES ENJOYED BY CHIEF EXECUTIVES

2.1. From the information furnished by the Undertakings, it is seen that the perquisites enjoyed by the Executives by and large fall into the following categories:—

1. Facilities for private use of company's car.
2. Company's contribution to Provident Fund.
3. House Rent.
4. Reimbursement of entertainment expenses.
5. Medical facilities
6. Contribution towards leave salary, Provident Fund, Pension Fund.
7. Gratuity.
8. Free telephone facilities at residence
9. Leave travel concession
10. Club subscriptions.
11. Premium under the Group Gratuity Scheme paid to L.I.C.
12. Maintenance and repair and furnishing of residence.

TOTAL ANNUAL EXPENDITURE ON PERQUISITES (1976-77)

2.2. Out of 173 undertakings, as many as 104 have either shown expenditure on perquisites provided to their Chairman|Chairman-cum-Managing Director|Managing Director during 1976-77 as "nil" or have not furnished figures of expenditure clearly. An analysis of their replies indicates the position as follows:—

A. *Undertakings which have shown expenditure on perquisites as "Nil"*

1. Agricultural Refinance and Development Corporation
Bombay.
2. Air India, Bombay.
3. Bharat Dynamics Ltd., Hyderabad

4. Biecco Lawrie & Co. Ltd., Calcutta
5. Bolani Ores Ltd.
6. Caltex Oil Refining (I) Ltd., Bombay.
7. Computer Maintenance Corporation, Bombay.
8. Damodar Valley Corporation, Calcutta.
9. Engineers India Ltd., New Delhi.
10. Fertilizers and Chemicals Travancore Ltd. (Kerala).
11. Film Finance Corporation Ltd., Bombay
12. Goa Shipyard Ltd., Goa.
13. Hindustan Latex Ltd., Trivandrum.
14. HMT (International) Ltd., Bangalore
15. Hindustan Machine Tools Ltd., Bangalore.
16. Hydro Carbons India (P) Ltd., New Delhi.
17. Indian Airlines, New Delhi.
18. Indian Dairy Corporation, Baroda
19. Indian Motion Picture Export Corpn., Bombay
20. Indian Railway Construction Co. Ltd., New Delhi.
21. Mining and Allied Machinery Corpn. Ltd., Burdwan.
22. Mishra Dhatu Nigam Ltd., Hyderabad.
23. National Industrial Development Corporation Ltd., New Delhi
24. National Research Development Corporation Ltd., New Delhi
25. Radio and Electrical Mfg., Co. Ltd., Bangalore
26. Trade Fair Authority of India Ltd., New Delhi.
27. United India Fire and General Ins. Co. Ltd., Madras.
28. Salem Steel Ltd., Salem.

B. Undertakings which have simply mentioned the items of Expenditure without giving details of Actual Expenditure incurred

1. Bongaigaon Refinery and Petrochemicals Ltd., New Delhi
2. Central Mine Planning and Design Institute Ltd., Ranchi.
3. Electronics Trade and Technology Development Corporation Ltd., New Delhi.
4. Hindustan Photo Films Mfg. Co. Ltd., Ootacamund
5. Indian Oil Blending Ltd. Bombay.
6. National Textile Corporation (W.B., Assam, Bihar and Orissa) Calcutta.

7. Rehabilitation Industries Corporation Ltd., Calcutta.
8. State Trading Corporation of India Ltd., New Delhi.
9. Western Coalfields Ltd., Nagpur.

C. *Undertakings which have not shown expenditure on perks separately but have included in the total amount of remuneration—*
16.

These are:

1. Bharat Electronics Ltd., Bangalore.
2. Bharat Heavy Electricals Ltd., New Delhi.
3. Bharat Refractories Ltd., Bihar.
4. Bridge and Roof Co. (India) Ltd., Howrah.
5. Burn Standard Co. Ltd., Calcutta.
6. Electronics Corporation of India Ltd., Hyderabad.
7. General Insurance Corporation, Bombay.
8. Hindustan Organic Chemicals Ltd., Kolaba (Maharashtra).
9. Hindustan Teleprinters Ltd., Madras.
10. Hindustan Zinc Ltd., Udaipur.
11. Hindustan Shipyard Ltd., Vishakhapatnam
12. Madras Refineries Ltd., Madras.
13. Metal Scrap Trade Corporation Ltd., Calcutta.
14. National Building Construction Corporation Ltd., New Delhi.
15. National Newsprint and Paper Mills Ltd., Neapanagar (M.P.).
16. Praga Tools Ltd., Secunderabad.

D. *Undertakings which have not furnished figures of expenditure on perks—*51.

These are:

1. Balmer Lawrie & Co. Ltd., Calcutta.
2. Bharat Leather Corporation Ltd., Agra.
3. Bharat Ophthalmic Glass Ltd., Durgapur.
4. Bharat Pumps and Compressors Ltd., Allahabad.
5. Bharat Petroleum Corporation Ltd., Bombay.
6. Braithwaite & Co. Ltd., Calcutta.
7. Central Coal Fields Ltd., Ranchi.
8. Central Cottage Industries Corporation of India Ltd., New Delhi.

9. Central Fisheries Corporation Ltd., Howrah.
10. Central Inland Water Transport Corporation Ltd., Calcutta.
11. Central Warehousing Corporation, New Delhi.
12. Coal India Ltd., Calcutta.
13. Cochin Refineries Ltd., Cochin.
14. Delhi Transport Corporation, New Delhi.
15. Dredging Corporation of India Ltd., New Delhi.
16. Eastern Coalfields Ltd., Asansol (W.B.).
17. Food Corporation of India, New Delhi.
18. Hindustan Cables Ltd. Burdwan (W.B.).
19. Hindustan Paper Corporation Ltd., Calcutta.
20. Hindustan Steel Works Construction Ltd., Calcutta.
21. Indian Iron and Steel Co. Ltd., Calcutta.
22. Indian Road Construction Corporation Ltd., New Delhi.
23. Indian Telephone Industries Ltd., Bangalore.
24. Industrial Development Bank of India, Bombay.
25. Industrial Finance Corporation of India, New Delhi.
26. LIC of India, Bombay.
27. Madras Fertilisers Ltd., Madras.
28. Mandhya National Paper Mills Ltd., Belagula (Karnataka).
29. Manganese Ore Ltd., Nagpur.
30. Mica Trading Corporation of India Ltd., Patna.
31. Mineral Exploration Corporation Ltd., Nagpur.
32. Nagaland Pulp and Paper Company Ltd., Assam.
33. National Projects Construction Corporation Ltd., New Delhi.
34. National Small Industries Corporation Ltd., New Delhi.
35. National Textile Corporation (APK&M) Ltd., Bangalore.
36. National Textile Corporation (South Maharashtra) Ltd., Bombay.
37. National Textile Corporation (Tamil Nadu) Pondicherry Ltd., Coimbatore.
38. National Textile Corporation (U.P.) Ltd., Kanpur.
39. Neyveli Lignite Corporation Ltd., (Tamil Nadu).
40. Oil and Natural Gas Commission, Dehra Dun.
41. Oriental Fire and General Insurance Company Ltd., New Delhi.

42. Pyrites Phosphates and Chemicals Ltd., Dehri-on-sone (Bihar).
 43. Rail India Technical and Economic Services Ltd., New Delhi.
 44. Richardson & Cruddas Ltd., Bombay
 45. Shipping Corporation of India Ltd., Bombay
 46. Sambhar Salts Ltd., Jaipur
 47. Scooters India Ltd., Lucknow.
 48. Tannery & Footwear Corporation (India) Ltd., Kanpur
 49. Triveni Structurals Ltd., Allahabad
 50. Tungabhadra Steel Projects Ltd., (Karnataka)
 51. Bokaro Steel Ltd., Bokaro.

2.3. The Committee are not satisfied with the above replies, which is evidently an attempt to evade disclosing the relevant information. The Committee strongly deprecate this tendency on the part of these undertakings.

2.4. The position of the remaining 69 undertakings, which have furnished some distinct figures of expenditure on perquisites provided to their Chief Executive during 1976-77, emerges out to be as under:—

(i) Undertakings in whose case average annual expenditure on perquisites exceeds Rs. 24,000 per head

Details are as follows :

S.No.	Name of Undertakings	Post	Expenditure	Remarks
	Handicrafts & Handlooms Export Corporation of India Ltd., New Delhi	(i) Chairman	Rs. 29965	} *46,652
		(ii) Managing Director	Rs. 26687	
2	Hotel Corporation of India Ltd., Bombay.	Managing Director	Rs. 31,404	
3	India Tourism Development Corporation Ltd., New Delhi.	Chairman-cum- Managing Director	34,200	
4	Indian Oil Corporation Ltd., New Delhi.	(i) Chairman	39,372	} Rs. 79,425 (average per head more than Rs. 24,0000)
		(ii) M. D. (R)	28,578	
		(iii) M. D. (M)	11,475	
5	National Seeds Corporation Ltd., New Delhi.	Managing Director	26,176	

*The figure includes upkeep of garden expenses but excludes expenditure on use of company's car and telephone at residence.

(ii) Undertakings in whose case expenditure on Perquisites range between 12,000 and Rs. 24,000. 20

S. No.	Name of Undertaking	Post	Expenditure
			Rs.
1	Banana & Fruit Development Corporation Ltd., Madras	M. D.	15,891
2	Cement Corporation of India, New Delhi	G.M.D.	21,067
3	Cotton Corporation of India Ltd., Bombay	M. D.	19,688
4	Fertilizer Corporation of India Ltd., New Delhi	G.M.D.	15,787
5	Hindustan Insecticides Ltd., New Delhi	M. D.	14,696
6	Hindustan Petroleum Corporation Ltd., Bombay	C.M.D.	14,789
7	Indian Drugs & Pharmaceuticals Ltd., New Delhi	C.M.D.	16,041*
8	Indian Petro-Chemicals Corporation Ltd., Baroda	C.M.D.	12,316
9	Instrumentation Ltd., Kota	M.D.	15,519@
10	International Airports Authority of India Ltd., New Delhi	Chairman	14,400
11	Lubrizo! India Ltd., Bombay	M.D.	19,000
12	Minerals & Metals Trading Corporation of India Ltd., New Delhi	Chairman	19,092
13	Modern Bakeries (I) Ltd., New Delhi	M.D.	13,340
14	National Fertilizers Ltd., New Delhi	Chairman	18,900
15	National Instrumentation Ltd., Calcutta	C.M.D.	15,888
16	New India Assurance Co. Ltd., Bombay	C.M.D.	18,752
17	Projects & Equipments Corporation of India Ltd., New Delhi	Chairman	15,600
18	Heavy Engineering Corporation Ltd., Ranchi	Chairman & 3 other Directors	53,456 Average per head more than Rs. 12,000.
19	Rural Electrification Ltd., New Delhi	Chairman	20,931
20	Hindustan Aeronautics Ltd., Bangalore	Chairman, Managing Director (average and two full time Directors (consolidated)	79,688 (average Rs. 19,922 per head).

*The C.M.D. has also been allowed use of Company's car for private use (up to 500 kms.) on payment of Rs. 100.

@The M. D. has also been provided with the facility of Company's car for private use, expenditure for which has not been mentioned.

(iii) Undertakings in whose case annual expenditure on perquisites is less than Rs. 12,000 per head 4.4

These are :

S. No.	Name of Undertaking	Post	Expenditure
			Rs.
1	Air India Charters Ltd.	Chairman	7,200
2	Bharat Aluminium Co. Ltd., New Delhi	C.M.D.	6,300*
3	Bharat Earth Movers Ltd., Bangalore	C.M.D.	4,200
4	Bharat Gold Mines Ltd., Oorgum	C.M.D.	7,633
5	Bharat Heavy Plate & Vessels Ltd., Visakhapatnam	C.M.D.	2,902
6	Central Electronics Ltd.	M.D.	2,987
7	Cochin Shipyard Ltd., Cochin	C.M.D. and Genl. Manager.	3,649@ Consolidated
8	Engineering Projects (India) Ltd., New Delhi	C.M.D.	4,605
9	Export Credit Guarantee Corporation Ltd., Bombay	C.M.D.	4,231
10	Garden Reach Shipbuilders & Engineers Ltd., Calcutta	C.M.D.	8,803
11	Hindustan Antibiotics Ltd., Pune	M.D.	5,780
12	Hindustan Copper Ltd., Calcutta	C.M.D. and one Director (Consolidated)	4,252
13	Hindustan Prefab. Ltd., New Delhi	M.D.	8,490†
14	Hindustan Salts Ltd., Jaipur	C.M.D.	1,588
15	Housing & Urban Development Corporation Ltd., New Delhi	C.M.D.	6,678
16	India Fire-bricks & Insulation Co. Ltd., Murar (Bihar)	M.D.	3,500
17	Indian Rare Earths Ltd., Bombay	M.D.	1,598
18	Indo-Burma Petroleum Co. Ltd., Bombay	C.M.D.	9,775
19	Jute Corporation of India Ltd., Calcutta	(i) Chairman (ii) M. D.	157 1,227

*The figure of Rs. 6200 relates only to H.R.A. during 1976-77. In addition, the appointment letter shows that other perks like Company's car for private use, leave travel concession, Medical facilities, P.F. contribution etc. were also allowed to him but expenditure on this account not mentioned.

@The figure of Rs. 3649 does not include rent for quarter and the perquisite value of car with driver provided to Chairman-cum-Managing Director and also the car with driver provided to G. M. (Director) expenditure for which has not been shown.

†The figure of Rs. 8490 relates to HRS only—no other perks.

S. No.	Name of Undertaking	Post	Expenditure
			Rs.
20	Jessop & Co. Ltd., Calcutta	C.M.D.	6,000
21	Kudremukh Iron Ore Co. Ltd., Bangalore	C.M.D.	6,134
22	Metallurgical & Engineering Consultants (India) Ltd., Ranchi.	(i) M.D.	3,000
		(ii) Joint M.D.	6,000
23	Mogul Lines Ltd., Bombay	M.D.	4,667*
24	National Hydro-Electric Power Corporation Ltd., New Delhi.	C.M.D.	1,400 (1-6-76 to 31-3-76)
25	National Insurance Corporation Ltd., Calcutta	Chairman	4,200**
26	National Mineral Development Corporation Ltd.,	(i) M.D.	4,200
		(ii) Jt. M.D.	1,141
27	National Textile Corporation Ltd., New Delhi (Holding Company)	M.D.	6,625@
28	National Textile Corporation (Maharashtra North) Ltd.	C.M.D.	4,847
29	National Thermal Power Corporation Ltd., New Delhi.	C.M.D.	9,243£
30	State Farms Corporation of India Ltd., New Delhi.	Chairman	1,691££
31	Steel Authority of India Ltd., New Delhi	Chairman	2,1000†
32	Tea Trading Corporation of India Ltd. Calcutta	C.M.D.	4,320†
33	Uranium Corporation of India Ltd. (Bihar)	M.D.	815§
34	Water & Power Development Consultancy Service (India) Ltd., New Delhi	C.M.D.	7,491
35	Hindustan Steel Ltd., Ranchi	Chairman	5,000

*Besides, the M.D. has also been provided with a Chauffeur driver car and a furnished flat expenditure for which has not been mentioned.

**The figure relates to Calender year 1976.

@The figure relates to House Rent only.

£The figure relates to the period 7-11-1975 to 31-3-1977.

££Relates to period from July, 1976 to December, 1976.

†In addition, the Chairman is also entitled to Contributory Provident Fund, medical benefits etc. for which expenditure has not been mentioned.

‡The figure of Rs. 4320 relates to House rent only. Staff car has also been provided for official/private use for which expenditure has not been indicated.

§The Managing Director is also entitled to residential accommodation, Company's car, reimbursement of entertainment expenses but expenditure incurred on these items has not been mentioned.

S.No.	Name of Undertaking	Post	Expenditure
			Rs.
36	Artificial Limbs Mfg. Co. Ltd., Kanpur	(i) Chairman	3,600
		(ii) M.D.	10,800
37	Bharat Coking Coal Ltd., Dhanbad (Bihar)	M.D. and 3 other Directors	20,086 Average per head less than Rs 12,000.
38	Cashew Corporation of India Ltd., Cochin	(i) Chairman	5,254
		(ii) M.D.	11,370
39	Mazagon Dock Ltd., Bombay	C.M.D. and other Directors	15,436 Average per head less than Rs. 12,000.
40	National Textile Corporation (Delhi, Punjab, Rajasthan) Ltd., New Delhi	C.M.D.	10,350
41	National Textile Corporation (Madhya Pradesh) Ltd., Indore	C.M.D.	11,812
42	State Chemicals & Pharmaceuticals Ltd., New Delhi	M.D. and one Director	18,934 Average per head less than Rs. 12,000.
43	SAIL (International) Ltd., New Delhi	M.D. and 2 other Directors	13,575 Average per head less than Rs. 12,000.
44	National Textile Corporation (Gujarat) Ltd., Ahmedabad	Chairman and 3 other Directors	26,248 Average per head less than Rs. 12,000.

GUIDELINES ON PERQUISITES AS LAID DOWN BY THE DEPARTMENT OF COMPANY LAW ADMINISTRATION

2.5. The Department of Company Law Administration have (*vide* their Circular No. 2/18/74-CL. VII dated 7-9-1974) laid down the following guidelines/administrative ceilings on the perquisites/benefits allowable to the Managing Directors, whole-time Directors, part-time paid Directors and Managers in public limited companies or private limited companies which are their subsidiaries:—

PART I

“In the matter of approved perquisites and benefits to the above category of persons, the following standards for determining the administrative ceilings will be ordinarily

followed and the perquisites shown below will be excluded from the ceiling on the monetary value of the perquisites referred to in Part II to the extent specified against each:—

- (i) *Company's contribution towards Provident Fund*:—So long as it does not exceed 10 per cent of the salary as laid down under the Income Tax Rules, 1962.
- (ii) *Company's contribution towards Pension|Superannuation Fund*:—So long as such contribution, together with the contribution to Provident Fund does not exceed 25 per cent of the salary, as laid down under the Income Tax Rules, 1962.
- (iii) *Gratuity*:—Payable in accordance with an approved fund and which does not exceed one-half month's salary for each completed year of service, subject to a maximum of 20 months' salary, or Rs. 30,000|- whichever is less.
- (iv) *Medical benefits for self and family*:—Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary in a year, subject to a maximum of Rs. 5,000/- per annum or three months' salary, with a maximum of Rs. 15,000|- for a period of every three years of service.
- (v) *Passage benefits*:—Passage benefits may be allowed to expatriate directors for self and family at reasonable but not more frequently than once a year by economy class or once in two years by First Class.
- (vi) *Leave Travel Concession*:—Actual fares, but not hotel expenses, etc., allowed to Indian Managing/whole time directors/managers for self, wife and dependent children once a year to and from any place in India.
- (vii) *Leave*:—One full pay and allowances at the rate as allowable to other employees of the company, in terms of company's leave rules, but not normally exceeding one month's leave for every eleven months of service. In case expatriate directors, however, the limit of one month can be relaxed upto 1½ or 2 months having regard to the leave rules of the company. Leave accumulated but not availed of will not, however, be allowed to be encashed.

PART II

Any expenditure on the perquisites mentioned in Part I above in excess of the limits indicated therein against each of the items together with the monetary value of all the remaining perquisites (including the following four items) shall be subject to an overall ceiling of 1/3rd of the salary/emoluments subject to a maximum of Rs. 30,000/- per annum or Rs. 12,000/- per annum as the case may be. The lower ceiling of Rs. 12,000/- per annum applied to cases involving payment of minimum remuneration to managerial personnel in excess of the limits of 5 per cent and 10 per cent of the net profits as laid down in section 309 of the Companies Act, 1956.

The perquisites may inter-alia include:—

- (a) Furnished/unfurnished residential accommodation, the monetary value of the perquisites will be evaluated as per rule 3 of the Income Tax Rules, 1962.
- (b) *Free use of car:—*The monetary value of the perquisites will be evaluated as per rule 3 of the Income Tax Rules, 1962.
- (c) *Personal Accident Insurance:—*Of an amount the annual premium of which does not exceed Rs. 1,000/-.
- (d) Free telephone facility at residence.

Reimbursement of all entertainment and other expenses actually and properly incurred for the business of the company will not be treated as an item of remuneration, for the purposes of section 198 of the Act. It is, however, expected that having regard to its size, nature of business, etc., the company will fix some upper ceiling within which such expenses will be incurred.

3. The working directors of the company are expected to attend meetings of the Board of Directors and of Committees thereof as a part of their normal duties for which they are being paid on a regular basis. As such, while approving the appointment/re-appointment etc., of such working directors, the Central Government will not ordinarily allow payment of sitting fees to them.

2.6. The Committee desired, as a part of their review of the various aspects of the working of Public Undertakings, to examine the social and financial implications of perquisites enjoyed by the Executives of the Undertakings. In this connection they had called for relevant information through the Bureau of Public Enterprises. Their examination has been to a large extent frustrated because of the incom-

pleteness of the information furnished which betrays an element of reluctance. It was not too much to expect of the Bureau of Public Enterprises, in the first instance, to inform the Public Undertakings, what in their view constituted "perquisites" and thereafter ensure submission of complete information by them. The Committee cannot therefore but take exception to the manner in which the questionnaire issued by them was handled by the Bureau. The Bureau owes it to the Committee to explain the lapse in this regard.

2.7. The Committee have attempted to formulate their views on the basis of what ever information that was placed before them. They find that as many as 28 Undertakings have stated that they have not incurred any expenditure on perquisites provided to their Chief Executives. This position in the opinion of the Committee is not quite easy to appreciate. It appears that these Undertakings do not have a clear concept of "perquisites" or they are deliberately evading. The Committee would therefore like to direct the Bureau to examine the various allowances and facilities provided by these Undertakings to their Chief Executives immediately and inform the Committee about the veracity of the statement made by them in this regard. This should be fully discussed in the Annual Reports of the Public Undertakings without fail.

2.8. The Committee are distressed to find that 76 Undertakings have not indicated clearly their expenditure on perquisites provided to their Chief Executives. The Committee cannot but consider it a deliberate act on the part of these public undertakings to withhold information from the Committee. The Committee wish to stress that expenditure on perquisites should be capable of being identified distinctly. The effort to suppress the information, whatever the reasons, should be condemned and censured.

2.9. The Committee are disappointed that they could obtain the details of expenditure only from 69 out of 173 Undertakings. 25 of these Undertakings have incurred expenditure during the year 1976-77 in excess of Rs. 1000 per month per head in providing various perquisites for the Chief Executives, namely, Chairman-cum-Managing Director or Chairman and Managing Director. The Committee feel that it deserves to be closely examined whether expenditure of Rs. 1000/- p.m. on perquisites was warranted.

2.10. The expenditure relating to the Chairman of the Indian Oil Corporation Ltd was as high as Rs. 39,372 for the year 1976-77. Similarly, the expenditure on the Managing Director of the Hotel Cor-

poration of India Ltd., and on the Chairman-cum-Managing Director of the India Tourism Development Corporation Ltd., was Rs. 31,494 and 34,200 respectively.

2.11. According to the guidelines on the salary structure for the Chief Executives laid down by the Cabinet Secretariat in October, 1965 as amended in October 1974, the maximum salary is Rs. 4,000. On this basis the perquisites allowed in some Undertakings are as high as 75 per cent of the basic pay which is a clear violation of the guidelines issued by the Department of Company Law Administration. Benefits of this order in addition to the salary and allowances, passed on to the Chief Executives are by any standards, quite excessive and unfair.

III

EXPENDITURE ON RENT FOR RESIDENTIAL ACCOMMODATION

3.1. According to the information received from 173 Undertakings, 39 undertakings have incurred no expenditure on rent for the residence of their Chairman|Chairman-cum-Managing Director|Managing Director during the years 1974-75, 1975-76 and 1976-77.

3.2. The position in respect of the remaining 134 undertakings is dealt with in the succeeding paragraphs.

(a) *Accommodation hired/owned by the Chief Executives for which House Rent Allowance was paid by the Company.* ..

3.3. In the case of the following seven undertakings, residential accommodation is stated to have been hired by the Chairman/Chairman-cum-Managing Director/Managing Director for which they have been paid House Rent Allowance by the Company during 1976-77:—

1. Bharat Aluminium Company Ltd. New Delhi.
2. Hindustan Salts Ltd., Jaipur.
3. Jute Corporation of India Ltd., Calcutta.
4. National Research Development Corporation of India Ltd., New Delhi.
5. National Small Industries Corporation Ltd., New Delhi.
6. Sambhar Salts Ltd., Jaipur.
7. Tea Trading Corporation Ltd., Calcutta.

3.4. Out of the above, in the case of Bharat Aluminium Co. Ltd., New Delhi, the House Rent Allowance paid to the Chairman-cum-Managing Director was Rs. 6,300 for 6 months period during 1976-77.

3.5. The National Small Industries Corporation Ltd., New Delhi has stated "presently the NSIC has not provided any house to its Chairman, Directors and Executives. The Corporation pays 30 per cent House Rent Allowance and the employees are required to pay 10 per cent of the basic salary for arranging accommodation directly by the employees themselves."

3.6. Sambhar Salts Ltd. Jaipur has stated:—

"No rent for the residence of Chairman and Managing Director has been paid. The Chairman & Managing Director has,

however, been paid House Rent Allowance as admissible to the other staff as per Rules and has been shown in Hindustan Sals Ltd., Jaipur.”

3.7. In the case of three undertakings viz., (1) Agricultural Refinance and Development Corporation, Bombay, (2) Bharat Electronics Ltd., Bangalore, and (3) Hindustan Machine Tools Ltd., Bangalore, the Chief Executive, viz. Chairman/CMD/MD are stated to be staying in their own flats but House Rent Allowance paid by the Undertakings concerned if any, has not been indicated. This has been done with the object to suppress the facts.

3.8. The Bureau of Public Enterprises have issued Guidelines for House Rent Allowance etc. in Public Sector Undertakings [vide their O.M. No. 2(142)/68-BPE (GM) dated 6th September, 1968 and O.M. No. 2(149)/68-BPE (GM), dated 19th July, 1973] wherein it has been stipulated *inter alia* that “while public enterprises should not deviate from the House Rent Allowance admissible under Central Government rules in places other than ‘A’ Class cities, 25 per cent of basic pay should be the ceiling for House Rent Allowance payable by the Enterprises themselves over and above 10 per cent to be borne by the employees, to all employees of public Enterprises irrespective of pay, stationed at the major ‘A’ Class cities of Delhi, Calcutta and Madras. In Bombay the corresponding ceiling of House Rent Allowance was indicated at 30 per cent of pay for all employees.

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

Hyderabad has also since been brought to the status of ‘A’ Class city. The matter has been considered and it has been decided that the ceiling may be raised to 25 per cent in the case of Hyderabad also.”

3.9. The Committee had reasons to believe that there was wide disparity both in respect of the scale of accommodation occupied and the rent paid by the Chief Executives for the accommodation owned or hired by the Undertakings as well as the house rent allowance paid to them when they made their own arrangements. They had

therefore specifically called for the relevant details. From the information received they find that as many as 39 Undertakings have stated that they have not incurred any expenditure on rent. It is quite possible that these Undertakings have rigidly interpreted the relevant question of the Committee as being in the nature of eliciting information only on rent paid for the hiring of accommodation for occupation by the Chief Executives. The Committee would like to clarify that what was intended by them was the expenditure on provision of accommodation whether in the nature of the rent paid by them for the hire or house rent allowance paid to the Executives should be given. On this basis the position in respect of these Undertakings should be reviewed by the Bureau of Public Enterprises. The result of the review should be intimated to the Committee in the light of their subsequent observations.

3.10. The Committee note that the Chief Executives of 3 Undertakings namely, Agricultural Refinance & Development Corporation, Bharat Electronics Ltd., and Hindustan Machines Tools Ltd., have occupied their own accommodation getting house rent allowance. Unfortunately the house rent allowance paid by the Undertakings has not been indicated perhaps deliberately in order not to enable the Committee to see whether the guidelines issued in this regard have been strictly adhered to. This should at least now be ensured by the Bureau of Public Enterprises who should in addition examine the basis for payment of house rent allowance in such cases. Here again the Bureau has been mechanically obtaining and passing on the information to the Committee without applying its mind, which is deplorable. The Committee would await their report in this regard.

(b) *Accommodation of the Undertakings occupied by the Chief Executives*

3.11. In respect of 23 undertakings the Chief Executives have been provided with accommodation, owned by the Undertakings, the particulars where of are as under:—

S. No.	Name of Undertaking	Post	Area occupied
			sq. ft.
1	Bharat Coking Coal Ltd., (Bihar)	GMD	3000—3500
2	Bharat Gold Mines Ltd., Oorgum (Kerala)	GMD	N.A.
3	Bharat Heavy Plate & Vessels Ltd., Visakhapatnam	GMD	N.A.
4	Bharat Petroleum Corporation Ltd., Bombay	GMD	4004

S. No.	Name of Undertakings	Post	Expenditure
5	Braithwaite & Co. Ltd., Calcutta	MD	1300 Sq. ft.
6	Burn Standard Company Ltd., Calcutta	CMD	N.A.
7	Film Finance Corporation Ltd., Bombay	GM	N.A.
8	Heavy Engineering Corporation Ltd., Ranchi	CMD	N. A.
9	Hindustan Antibiotics Ltd., Pimpri (Pune)	CMD	N.A.
10	Hindustan Shipyard Ltd., Visakhapatnam	CMD	2090
11	Indian Rare Earths Ltd., Bombay	MD	N.A.
12	Indian Telephone Industries Ltd., Bangalore	CMD	N.A.
13	Instrumentation Ltd., Kota	MD	N.A.
14	Jessop & Co., Ltd., Calcutta	CMD	N.A.
15	LIC of India Ltd., Bombay	Chairman MD	1400 Sq. ft. 2200 ,,
16	Manganese Ore Ltd., Nagpur	CMD	4460 ,,
17	Mogul Lines Ltd., Bombay	MD	2000 ,,
18	National Newsprint & Paper Mills Ltd., Neapanagar (M.P.)	CMD	4000 ,,
19	National Textile Corporation (Gujarat) Ltd., Ahmedabad	CMD	1200 ,,
20	Neyveli Lignite Corporation Ltd., Neyveli (T.N.)	CMD	N.A.
21	Oriental Fire & General Insurance Co. Ltd., New Delhi	CMD	2632 Sq. ft.
22	Tannery and Footwear Corporation (India) Ltd., Kanpur	MD	N.A.
23	Bokaro Steel Ltd.	M.D.	N.A.

3.12. Out of the above mentioned 23 undertakings, in the case of three undertakings, namely, Bharat Gold Mines Ltd., Oorgum, Hindustan Antibiotics Ltd. Pimpri and LIC of India Ltd. Bombay, it has been stated that recovery of rent at the rate of 10 per cent of basic pay of the executives is made from them. In the case of one undertaking namely Bharat Coking Coal Ltd., Bihar, recovery is made at the rate of 5 per cent of basic pay.

3.13. National Newsprint and Paper Mills Ltd. Neapanagar has stated that a rent @ Rs. 125 per month has been recovered from the Chairman-cum-Managing Director for the premises.

3.14. In the case of 5 Undertakings viz. (1) Bharat Heavy Plate & Vessels Ltd., Visakhapatnam, (2) Burn Standard Company Ltd., Calcutta (3) Film Finance Corporation Ltd., Bombay (4) National Textile Corporation (Gujarat) Ltd., Ahmedabad and (5) Neyveli Lignite Corporation Ltd., Neyveli, it has been stated that rent is recovered as per rules of the Company. The rate of recovery have not been stated.

3.15. In the case of the following thirteen undertakings, there is no mention about the recovery of rent from the occupant:—

- (1) Braithwaite & Co. Ltd., Calcutta.
- (2) Heavy Engineering Corporation Ltd., Ranchi
- (3) Hindustan Shipyard Ltd., Visakhapatnam.
- (4) Indian Rare Earths Ltd., Bombay.
- (5) Indian Telephone Industries Ltd., Bangalore.
- (6) Instrumentation Ltd., Kota.
- (7) Jessop & Co. Ltd., Calcutta.
- (8) Manganese Ore Ltd., Nagpur.
- (9) Oriental Fire & General Insurance Co. Ltd., New Delhi.
- (10) Tannery & Footwear Corporation (India) Ltd., Kanpur.
- (11) Bokaro Steel Ltd., Bihar.
- (12) Bharat Petroleum Corporation Ltd., Bombay.
- (13) Mogul Lines Ltd., Bombay.

3.16. *Plinth Area occupied.*—It will be seen from the table at pages 32-33 that in the case of 2 undertakings (Bharat Petroleum Corporation Ltd., Bombay and Manganese Ore Ltd., Nagpur), the Chief Executives occupy area above 4000 sq. ft. in the case of other 2 undertakings (viz. Bharat Coking Coal Ltd., Bihar and National Newsprint & Paper Mills Ltd., Napanagar) between 3001 and 4000 sq. ft. and in case of 4 undertakings (viz. Hindustan Shipyard Ltd., Vishakhapatnam, LIC of India Ltd., Bombay, Mogul Lines Ltd., Bombay and Oriental Fire and General Insurance Co. Ltd., New Delhi) between 2000 sq. ft. and 3000 sq. ft.

3.17. 13 undertakings have not disclosed the area occupied by the Chief Executives.

(c) *Accommodation hired by the undertakings and occupied by their Chief Executives*

3.18. As many as 100 undertakings have incurred expenditure on hiring residential accommodation for their Chairman/Chairman-

cum-Managing Director/Managing Director. Out of these, in the case of 43 undertakings the expenditure was less than Rs. 1000 per month.

3.19. In 56 cases given in Appendix I rent of Rs. 1,000 or more per month was paid by the undertakings during the whole or part of the period 1974-75 to 1976-77.

3.20. Analysis of expenditure incurred by them during 1976-77 shows that in the case of two undertakings (*viz.* Air India, Bombay and Oil and Natural Gas Commission, Dehra Dun) the rent paid by the undertakings concerned was more than Rs. 2500 p.m., in the case of four undertakings (*viz.* Bharat Heavy Electricals Ltd., New Delhi, Caltex Refining India Ltd., Bombay, Handicrafts and Handlooms Exports Corporation of India Ltd., New Delhi and Madras Fertilizers Ltd., Madras) the financial liability of the Undertakings concerned ranged from Rs. 2001 per month to Rs. 2500 per month; in the case of 14 undertakings, the rent paid by the undertakings ranged from Rs. 1501 p.m. to Rs. 2000 p.m. per head and in the case of 26 undertakings the financial liability of the undertakings concerned for providing accommodation to their Chief Executives ranged from Rs. 1000 to Rs. 1500 per month.

3.21. In the case of Electronics Trade & Technology Development Corporation Ltd., New Delhi though its Managing Director is living in an accommodation hired by the Corporation with covered area of 1537 sq. ft., the net financial liability of the Corporation in this regard has not been indicated. The Corporation has stated as under:—

“The building located at 15/48, Malcha Marg, New Delhi is commercial building of which the basement, ground floor, mezzanine are used for commercial purposes and the first floor is to be used as residence only. The entire first floor of 1537 sq. ft. has three bed rooms and one large drawing-*cum*-dining room and kitchen. M.D. is using two bed rooms and kitchen exclusively for residence and one bed room is surrendered by him for use as office. The drawing room is being utilised frequently for holding conferences, meetings and for get togethers of Company's business counter parts including many foreign delegates. The Company does not spend any extra amount for hiring accommodation in hotel or any other places for these purposes. 10 per cent of the pay of the Managing Director is recovered towards rent in

accordance with the B.P.E. Circular No. 2(12)/74-Adm.I dated 19-4-1976."

3.22. *Plinth Area occupied.*—It will be seen from Appendix I that in the case of 4 undertakings (i.e. Engineers India Ltd., New Delhi, Handicrafts and Handlooms Exports Corporation of India Ltd., New Delhi, Hindustan Paper Corporation Ltd., Calcutta and Rural Electrification Corporation, New Delhi) the Chief Executives occupied area above 4000 sq. ft. in the case of 6 undertakings (i.e. Bharat Heavy Electrical Ltd., New Delhi, Cochin Shipyard Ltd. Cochin, Hindustan Aeronautics Ltd., Bangalore, Indian Oil Corporation Ltd., New Delhi, Kudremukh Iron Ore Co. Ltd., Bangalore and Mazagon Dock Ltd., Bombay) between 3001 and 4000 sq. ft. and in the case of 19 undertakings the Chief Executives occupied area between 2000 and 3000 sq. ft.

3.23. 18 undertakings have not disclosed the plinth occupied by their Chief Executives.

3.24. The Committee on Public Undertakings in their Eighth Report (Third Lok Sabha)—1964-65 on Townships and Factory Buildings emphasised the need to reduce expenditure on townships and to lay down norms and standards for residential accommodation for adoption by the Public Sector Undertakings. It was stated in the Government's reply that the matter had been examined and revised scales of accommodation and pay ranges fixed with a view to achieving economy and communicated to Public Undertakings for adoption. In their Memorandum No. 378-Adv(c)/Cir. 10/66 dated 2-12-66 on Industrial Housing, addressed to all Ministries of the Government of India, the Bureau of Public Enterprises had laid down that the future construction of residential buildings in public enterprises should conform to the following standards and pay ranges:—

Type	Plinth Area'sq. ft.	Pay range
I	365	Upto Rs. 110
II	400	Rs. 111 to 300
III	600	Rs. 301 to 600
IV	900	Rs. 601 to 1250
V	1500+200 (Servant's quarter & WC)	Rs. 1251 to 2000
VI	2100+240 (Servant's quarter) +225 (Garage)	Rs. 2001 and above

3.25. The Committee, after considering Government's reply had further recommended in their 19th report (Fourth Lok Sabha)—1967-68 that the existing six categories of houses should be reduced to four.

3.26. The matter was examined by Government and it had been decided in supersession of the previous instructions on the subject that the future construction of residential buildings should conform to the following standards and pay ranges as stated in the BPE's circular No. 658/Adv.(c)/71 dated 14th July, 1971:—

Type	Plinth Area* (sq. ft.)	Pay Range **
A	385	Upto Rs. 300
B	600	Rs. 301—700
C	900	Rs. 701—1400
D	1500+200 (servant's room and W.C.)	Rs. 14001 and above

NOTE.— *(a) The plinth areas indicated above are exclusive of staircase component. Pay ranges are exclusive of the dearness pay as well as increase due to wage Board Awards, since December, 1966.

(b) Garages (215 sq. ft. each) may be provided on 100% basis for all officers drawing a salary of Rs. 2001/- and above as well as for Heads of Departments. For the remaining officers entitled to Type D quarters, garages may be provided on 50% basis.

** These pay ranges have since undergone change as a result of revision in the pay scales.

3.27. The Committee learn that the Chief Executives of 23 Undertakings mentioned in para 3.11 are in occupation of accommodation owned by the Undertakings. There is however no mention of the recovery of rent in respect of 13 of these Undertakings. The Committee would like to know whether in these cases the Chief Executives have been provided rent-free accommodation and if so why.

3.28. The Committee further note that in the case of 5 undertakings mentioned in para 3.14, although it has been stated that rent is recovered as per rules, the rate of recovery has curiously not been disclosed. The Committee would like the Bureau of Public Enterprises to ensure that in these cases the recovery of rent has been as per the guidelines issued. In the case of Bharat Coking Coal Ltd., the recovery is stated to be made at the rate of 5 per cent. The Committee would like to know why the rate of recovery is so low in this case.

3.29. Despite clear instructions issued by the Bureau of Public Enterprises in September, 1968 that "hiring of houses should not normally be resorted to and payment of house rent allowance as admissible under the rules of the Company should be the normal practice," as many as 100 undertakings have chosen to hire accommodation for their Chief Executives. In respect of 14 of these undertakings rent paid by them was in excess of Rs. 1500 per month per accommodation although not all of them were at Bombay, Calcutta or Delhi. In view of such excessive expenditure on hiring accommodation, the Committee deprecate the practice of hiring accommodation indulged in by a majority of public undertakings.

3.30. According to the instructions referred to in the preceding paragraph the ceiling for the monthly rental should be 10 per cent of pay plus house rent allowance admissible, in case it becomes inevitable to hire houses. This part of the instructions also has been violated with impunity by a number of undertakings in-as-much as the monthly rental has apparently exceeded the ceiling in the case of Air India, Bharat Heavy Electricals Ltd., Caltex Refining India Ltd., Central Fisheries Corporation Ltd., Handicrafts and Handloom Export Corporation of India Ltd., Hindustan Aeronautics Ltd., Hindustan Steel Works Construction Ltd., India Tourism Development Corporation Ltd., Indian Oil Corporation Ltd., Industrial Development Bank of India, Madras Fertilizers Ltd., Oil and Natural Gas Commission, Rehabilitation Industries Corporation Ltd., Richardson & Cruddas Ltd., Rural Electrification Corporation Ltd., State Trading Corporation of India Ltd. and SAIL (International) Ltd.

3.31. Another aspect to which the Committee would like to draw attention is the indiscriminate allotment of accommodation owned or hired by the undertakings, far in excess of normal requirement. For instance, the Chief Executives occupy accommodation exceeding a plinth area of 3000 sq. ft. each in the case of 14 undertakings as indicated in paragraphs 3.16 and 3.22. Hence the explanation for inordinately high monthly rental for the accommodation hired can be found in needless excessive accommodation hired and it was not as if the market rate of rent was very high. The Committee are clear in their mind that if only the allotment of accommodation had been regulated within the limits already laid down in pursuance of the recommendations contained in their Eighth Report (Third Lok Sabha) and Nineteenth Report (Fourth Lok Sabha), the Undertakings would have been saved from unnecessary additional or avoidable expenditure. A comprehensive review of the position by the Bureau of Public Enterprises is therefore called for and on the

basis of the results thereof, accommodation hired in excess of reasonable limits should be relinquished and smaller accommodation within the rental limit prescribed should be hired.

3.32. The Committee are distressed to find that as many as 31 undertakings have not disclosed the plinth area occupied by the Chief Executives in respect of the accommodation either owned or hired by the Undertakings. This non-disclosure is reprehensible. An exercise of the kind indicated in the foregoing paragraph should also be undertaken by the Bureau in respect of these after obtaining complete details.

IV

**EXPENDITURE ON INTERIOR DECORATION OF RESIDENCE
OF CHAIRMEN|MANAGING DIRECTOR|DIRECTORS AND
EXECUTIVES.**

4.1. Out of the 173 undertakings from whom information regarding expenditure on interior decoration of residence of Chairmen/Managing Directors/Directors and Executives has been received, 162 undertakings have stated that their expenditure on that account was 'NIL'. Indian Telephone Industries Ltd., Bangalore has stated that "no separate expenditure is incurred for decoration of Chairman's residence but the same is covered in the general maintenance of Township buildings—residential".

4.2. Details of the 11 undertakings which have incurred expenditure on this account and the amount of annual expenditure incurred by them during the years 1974-75 to 1976-77 are as under:—

S.No.	Name of Undertaking	Expenditure		
		1974-75 (Rs.)	1975-76 (Rs.)	1976-77 (Rs.)
1.	Balmer Lawrie & Co. Ltd., Calcutta (Consolidated)	12,707 (1974)	18,494 (15 months.)	23,938
2.	Bharat Petroleum Corpn., Ltd., Bombay :			
	(i) C & MD . . . . .	..	..	3,410
	(ii) Directors/Executives . . . . .	..	..	2,55,066
3.	Bridge & Roof Co. (P) Ltd., Howrah (Consolidated)	₹ 3,500	4,500 (15 months)	4,500
4.	Cotton Corporation of India Ltd., Bombay (Consolidated)	Nil	6,536	2,589
5.	Eastern Coalfields Ltd., Asansol (West Bengal)			
	(i) C&MD . . . . .	..	7,753	12,755
	(ii) Executives	21,052	10,612	18,687
6.	Hindustan Machine Tools Ltd., Bangalore, (Consolidated)	9,000	4,000	3,000

S.No.	Name of Undertaking	Expenditure		
		1974-75 (Rs.)	1975-76 (Rs.)	1976-77 (Rs.)
7.	Indian Drugs & Pharmaceuticals Ltd., New Delhi	6,467	..	..
8.	Indian Rare Earths Ltd., Bombay (Consolidated)	Nil	Nil	4,000
9.	Industrial Development Bank of India, Bombay :			
	(i) C&MD			1,493
	(ii) Executive Director	..	..	16,000
10.	Modern Bakeries (I) Ltd., New Delhi (General Manager Calcutta Unit)	1,186	1,934	4,232
11.	Scooters India Ltd. Lucknow (Consolidated)	Nil	1,400	Nil
	TOTAL	53,912	55,229	3,49,670

4.3. It will be seen from the above table that the total expenditure incurred by the 11 undertakings on decoration of residence of their Chairmen/Managing Directors/Directors etc. during the three years 1974-75, 1975-76 and 1976-77 amounted to Rs. 4,58,811, break-up of which year-wise is given below:—

<i>Year</i>	<i>Amount</i>
1974-75	53,912
1975-76	55,229
1976-77	3,49,670
TOTAL:	4,58,811

4.4. It is further seen that the expenditure on this account has shot up from Rs. 53,912 in 1974-75 to Rs. 3,49,670 in 1976-77, an increase of 548.5 per cent. The increase in expenditure during 1976-77 in the case of Bharat Petroleum Corporation Ltd., Bombay to the extent of Rs. 2,58,476 is significant.

4.5. The Committee are concerned to note that 11 undertakings mentioned in para 4.2 have incurred expenditure of Rs. 0.54 lakh, Rs. 0.55 lakh and Rs. 3.50 lakhs during the years 1974-75, 197-76 and 1976-77 respectively. In the opinion of the Committee, there should not at all be any occasion for any wasteful expenditure on the part of Public Undertakings on the interior decoration of the residences of their Executives. What distresses them most is the

escalation of the expenditure in this regard in the 11 undertakings during the year 1976-77. This was largely due to what appears to the Committee to be totally unjustified expenditure of Rs. 2.58 lakhs by the Bharat Petroleum Corporation Ltd., alone. The Committee would like to know the details of the interior decoration and the need therefor. In future, this should be totally stopped.

PROVISION OF CARS FOR THE PERSONAL USE OF THE CHIEF EXECUTIVES

5.1. It has been observed that public undertakings are providing a car for the personal use of the Chief Executives of the public undertakings on nominal payment. A few of the examples of this nature, which have come to the notice of the Committee are mentioned below:—

5.2. The Minerals & Metals Trading Corporation of India Ltd. has placed one car each at the disposal of the Chairman and the Directors (four Directors in 1974-75, three Directors in 1975-76 and two each in 1976-77 and 1977-78). The amount recovered from the officers concerned is Rs. 100/- per month. Average km. done per month by these cars on non-official duty ranges from 277 kms. to 1109 kms. The highest distance related to that of the Chairman during the year 1977-78.

5.3. The Engineering Projects (India) Ltd., has provided for its Chairman-cum-Managing Directors one car for purpose of personal use and an amount of Rs. 100 per month is recovered upto the journey of 500 kms. and beyond 500 kms. @ 0.37 paise per km. is recovered. Average km. done by this car on non-official duty per month is as follows:—

1974-75	560 kms.
1975-76	605 kms.
1976-77	555 kms.

5.4. The Chairman and Managing Director of the Indian Road Construction Corporation Ltd., has been provided with a Corporation's car. On an average a sum of Rs. 63/- per month is recovered for travelling in the car from garage to office and back. This car has not been utilised by the Chairman and Managing Director for non-official duty. On an average the car runs 210 kms. per month from garage to office and back.

5.5. In the Central Mine Planning & Design Institute Ltd., one car has been earmarked for the Chairman-cum-Managing Director

for ready availability out of the common pool of staff cars. This car is also used by others, when required. Recovery is made on the actual kms. run for the private use.

5.6. The Mogul Line Ltd. has provided to the Managing Director a Chauffeur driven car at the headquarters at the rate of Rs. 100 p.m. as horse power of the car is less than 16 towards private use which is limited to 500 kms. This limit of 500 kms. prescribed is adhered to. The car has been allotted and is being used by the Managing Director, as per the terms and conditions of his service as sanctioned by the President of India *vide* his letter No. SY-21-(10)/70 dated 15-6-1972.

5.7. The Managing Director, Instrumentation Ltd. has also been provided with a car in terms of Ministry of Finance, Department of Expenditure O.M. No. F2(18)PC-64 dated 20-11-1974. Rs. 100 per month are being recovered from Managing Director for non-duty journeys limited to 500 kms. per month. Average km. done per month on non-official duty during 1977-78 in 253 kms.

5.8. Some of the other Public Undertakings, which have clearly indicated that they maintain cars for the exclusive use of their Chairman|Directors are:—

1. Biecco Lawrie & Co. Ltd.
2. Computer Maintenance Corporation Ltd.
3. Hindustan Prefab Ltd.
4. Hindustan Organic Chemicals Ltd.
5. Indian Airlines
6. Mazagon Dock Ltd.
7. Tea Trading Corporation of India Ltd.
8. New India Assurance Co. Ltd.

5.9. Though provision of a car for the exclusive use of the Chief Executives for official purposes could be somewhat justified, permitting non-duty use of the car with nominal recovery does pass on undue benefit. The Committee however note that according to the guidelines issued in September 1968, the Chief Executives and wholtime Directors as well as incumbents of other top-level appointments could be allowed car for private purpose on condition that non-duty journeys should not exceed 500 kilometres per month for which recovery at specified rates was envisaged. From the available information it is seen that Minerals and Metal Trading Corporation of India is allowing private use of cars by the Chair

man and the Directors on recovery of Rs. 100 per month irrespective of the distance travelled. It seems to the Committee to be extraordinary because in the case of the Chairman the average distance travelled on non-official duty during 1977-78 was as high as 1109 kms. per month.

5.10. In the case of Engineering Projects (India) Ltd., recovery for non-duty distance travelled in excess of the limit is stated to be at the rate of 37 paise per kilometre.

5.11. As the meagre rates of recovery for the non-official use of car must have been fixed long back and since 1973 there has been enormous increase in the cost of petrol, oil and lubricants as also in the cost of cars, these rates should be reviewed and enhanced suitably. Further, there cannot be any use of the cars for non-official purposes without payment of market rates. In this connection, the Committee recall a recommendation in paragraph 2.102 of their 9th Report presented to Lok Sabha on 26-4-1978 which has been accepted by the Government. Accordingly, exclusive use of cars by the Executives of the Public Undertakings should be stopped instead, suitable conveyance allowance should be given wherever absolutely essential.

VI

SECTION II

PERQUISITES ENJOYED BY AIR INDIA EXECUTIVES DRAWING RS. 2000/- PER MONTH AND ABOVE

6.1. Following are the details of expenditure on perquisites (item-wise) enjoyed by Air India executives drawing Rs. 2000/- per month and above during each of the years 1974-75 to 1977-78:—

(Amount in lakhs of Rs.)

S. No.	Name of Perquisite	1974-75	1975-76	1976-77	1977-78
1 Personal Entertainment Expenditure :					
	No. of Officers	96	98	43	48
	Total Expenditure	0.88	0.85	0.91	1.08
2 Car Expenses :					
	No. of Officers	48	58	54	63
	Total Expenditure	9.64	11.48	10.83	12.34
Personal Peon/Bearer :					
	No. of Officers	7	7	8	8
	Total Expenditure	0.19	0.19	0.21	0.18
4 Electricity Charges :					
	No. of Officers	5	7	6	5
	Total Expenditure	0.03	0.03	0.04	0.04
5 Residential accommodation (owned & leased)					
	No. of Officers	63	63	65	66
	Total Expenditure	10.43	9.74	10.28	10.73
6 Furniture :					
	No. of Officers	29	31	27	27
	Total Expenditure	0.57	0.60	0.53	0.53
(A)* Total value of all Perks per annum		21.74	22.89	22.80	24.90
(B) No. of Officers (Unduplicated)		63	63	65	66
(C) Average value of perks per officer (A÷B)		0.34	0.36	0.35	0.38

NOTE.— Perquisite value given is the total value of facility less recovery for items like car, house etc. It may be mentioned that this does not represent perquisite value since it is based on the presumption that the entire usage of the facility for personal use and nothing is for official use which naturally would not be the case.

6.2. The following expenditure was incurred in providing perquisites to some of the top Executives of Air Ind'a during the years 1975-76, 1976-77, 1977-78 and 1978-79:—

	1975-76	1976-77	1977-78	1978-79
	Rs	Rs.	Rs.	Rs.
1 Shri J.R.D. Tata, Chairman (Retd.) .	30,575	27,985	31,684 (retired w.e.f. 1-2-1978)	—
2 Shri N.H. Dastur, Former Commercial Director	81,905	89,111	91,796 (resigned w.e.f. 5-4-78)	—
3 Shri K.G. Appusamy, Managing Director (w.e.f. 20-7-77)	—	36,371	39,567	72,651
4 Shri I.D. Sethi, Commercial Director	—	62,312	66,414	72,685
5 Shri K.K. Unni, Former, Managing Director	88,772	92,817	24,910 (retired w.e.f. 20-7-77)	—
6 Shri S.K. Kooka, Former Commercial Director	35,055	34,050	19,781 (resigned w.e.f. 22-8-77)	—
TOTAL	2,36,307	3,42,646	2,74,152	1,45,336

6.3. From the information made available, the Committee find that Air India spent Rs. 21.74 lakhs in 1974-75, Rs. 22.89 lakhs in 1975-76, Rs. 22.80 lakhs in 1976-77 and Rs. 24.90 lakhs in 1977-78 in providing perquisites to 66 of its executives drawing Rs. 2000 and above (This does not include perquisites enjoyed by about 2050 officers posted outside the country all of whom draw pay more than Rs. 2000 p.m.) The average annual value of perquisites per officer in India is of the order of Rs. 33,000/- to Rs. 39,000/- during the period under review. In other words, the value of perquisites enjoyed by each of the executives cost Air India as much as Rs. 3250 per month in 1977-78. This per capita expenditure on perquisites is a gross underestimate as it does not include free/concessional leave passage benefits for an officer and his family which again, strangely enough, is transferable, telephone facility, club membership expendi-

ture etc. Even this is a fantastic amount indeed considering the low per capita income in the country in general and the perquisites available to other Public Sector Executives and Government servants of similar status in particular.

6.4. The Committee observe that the expenditure on perquisites enjoyed by a former Commercial Director (Shri N. H. Dastur), was of the order of Rs. 81,905 in 1975-76, Rs. 89,111 in 1976-77 and Rs. 91,796 in 1977-78. A former Managing Director (Shri K. K. Unni) outstripped him by spending as much as Rs. 88,772 in 1975-76, Rs. 92,817 in 1976-77 and Rs. 24,910 during a period of four months prior to his retirement in July, 1977. Among the present executives, the Managing Director (Shri K. K. Appusamy) and the Commercial Director (Shri I. D. Sethi) have each incurred an expenditure of over Rs. 72000 during 1977-78.

6.5. The Committee have discussed the unedifying aspects of this spectacle in the concluding paragraphs of this Report.

A. Personal Entertainment Expenditure

6.6. About 44 officers (Chairman based at Delhi and the Dy. Controller-Ground Handling based at Delhi and other 42 officers based at Headquarters) are allowed reimbursement of expenditure on personal entertainment of official contacts subject to certain annual limits for which no detailed account is required. The annual limits in respect of these officers are as under:—

	Limit	(Rs. p.a.)
1. Chairman (1)	6600	6600
2. Managing Director (1)	6600	6600
3. Deputy Managing Directors (2)	6000	6000
4. Senior Departmental Heads (5)	5400	5400
5. Other Departmental Heads (5)	2400	2400
6. Chief Vigilance and Security Manager (1)	2400	2400
7. Public Relations Manager (1)	2400	2400
8. Principal Training College (1)	2400	2400
9. Deputy Directors of Engineering (2)	2400	2400
10. Deputy Commercial Director (1)	2400	2400
11. Commercial Managers (10)	2400	2400
12. Deputy Director of Finance (1)	2400	2400

13. Controller of Civil Works (1) & Properties	1800
14. Deputy Director of Personnel and Industrial Relations (1)	2400
15. Engineering Managers (5)	1800
16. Deputy Directors of Operation (2)	1800
17. Sr. Dy. Controller-Ground Handling (1)	1800
18. Deputy Public Relations Manager (1)	1200
19. Industrial Relations Manager (1)	1800
20. Deputy Controller, Delhi (1)	960

6.7. Details of actual expenditure incurred by these officers during the years 1974-75 and 1977-78 are given below:—

1975—76.	Rs. 85,125
1976—77.	Rs. 91,300
1977—78.	Rs. 1,08,468

Some of the top executives who spent practically the full amount fixed for them during 1977-78 are:—

1. Shri K. K. Unni	Rs. 1650 (4 months)
2. Shri K. G. Appusamy	Rs. 6400
3. Shri N. H. Dastur	Rs. 6000
4. Shri C. L. Sharma	} Rs. 5400 each
5. Shri P. V. Gole	
6. Shri Om Sawhny	
7. Capt. D. Bose	

6.8. The Committee enquired during evidence about the checks exercised in the matter of reimbursement of expenditure on personal entertainment allowed to the extent of Rs. 6600/- per annum to certain executives and whether any irregularities had been noticed. The representative of the Air India stated that the officers concerned were required to furnish a certificate in respect of such expenditure which was mainly in respect of entertainment of official contacts at their residences.

6.9. In reply to a question if any expenditure of this nature had been claimed through vouchers over and above the permissible ceilings, the witness stated that entertainment allowance was permissible to 44 executives within certain prescribed limits but commercial officers were permitted to obtain reimbursement of expenditure incurred on entertainment in hotels, clubs etc. through vouchers/bills over and above these limits, provided the entertainment was

done for official purposes. The Committee doubt if this is invariably ensured.

The Committee, therefore, called for figures of actual expenditure incurred on entertainment (within the prescribed ceilings) during 1977-78 as well as the additional expenditure incurred by the above mentioned officers on production of bills/ vouchers only within India. Air India have furnished the following information:

(Rs. in lakhs)

1977-78

1. Reimbursement of expenditure on personal entertainment of official contacts (within the permissible limits for each executive)	1.08
2. Expenditure settled through Bills/vouchers :	
A. Hotel Bills	1.54
B. Club Bills	0.61
C. Residence	0.32
TOTAL	3.55

Some of the executives who have incurred heavy expenditure on personal entertainment in hotels/clubs/residence are :

1. Shri N. H. Dastur	Rs. 77,642
2. Shri A. C. Mahajan	Rs. 40,246
3. Shri I. D. Sethi	Rs. 26,240
4. Shri H. K. Malik	Rs. 10,481

6.10. The Committee find that the expenditure of Rs. 3.55 lakhs was incurred by 41 executives of Air India on personal entertainment in hotels/clubs/residence etc. in 1977-78. A former Commercial Director (Shri N. H. Dastur) tops the list with a total expenditure of Rs. 83,642 (Rs. 6000 out of the fixed ceiling plus Rs. 77642/- through bills/vouchers) during 1977-78 which worked out to an astounding rate of Rs. 7000/- per month approximately.

B. Company Cars

6.11. The details of the cars provided to the employees are indicated below:—

Officers who have been allotted Cars for their Executive Official and Personnel Use.

1. Chairman (Big Car)	
2. Managing Director	Small car

3. Dy. Managing Director (H.Q.)	. . . . .	Small Car
4. Dy. Managing Director (C)	. . . . .	Do.
5. Dy. Commercial Director	. . . . .	Do.
6. Director of Operations	. . . . .	Do.
7. Dy. Director of Operations (HQ)	. . . . .	Do.
8. Dy. Director of Operation (TR)	. . . . .	Do.
9. Director of Engineering	. . . . .	Do.
10. Dy. Director of Engineering	. . . . .	Do.
11. Dy. Director of Engineering	. . . . .	Do.
12. Director of Finance	. . . . .	Do.
13. Dy. Director of Finance	. . . . .	Do.
14. Director of Personal and Industrial Relations	. . . . .	Do.
15. Dy. Director Personnel and Industrial Relations	. . . . .	Do.
16. Controller of Civil Works and Properties	. . . . .	Do.
17. Controller of Stores & Purchases	. . . . .	Do.
18. Controller of Ground Handling	. . . . .	Do.
19. Dy. Director Inflight Service	. . . . .	Do.

Cars allotted to Divisions/Sections and placed under the Control the Head of the Division Section who are allowed incidental Personal use of the Car:

1. Commercial Manager-Sales	. . . . .	Small car
2. Commercial Manager-Admn	. . . . .	Do.
3. Commercial Manager-Cargo	. . . . .	Do.
4. Commercial Manager Traffic Services	. . . . .	Do.
5. Commercial Manager-Publicity	. . . . .	Do.
6. Operations Manager-Training	. . . . .	Do.
7. Operations Manager Central Div.	. . . . .	Do.
8. Operations Manager (HQ)	. . . . .	Do.
9. Operations Manager-Western Div.	. . . . .	Do.
10. Engineering Manager Maintenance	. . . . .	Do.
11. Engineering Manager-Power Plant Overhaul	. . . . .	Do.
12. Engineering-Manager-Ancillary Overhaul	. . . . .	Do.
13. Engineering Manager-Contracts, Industrial Engineering and Production Planning	. . . . .	Do.
14. Engineering Manager-Quality Control and Technical Services	. . . . .	Do.
15. Control of Communications	. . . . .	Do.

16 Deputy Director Managemer Services	Do.
17. Sr. Deputy Controller-Ground Handling	Do.
18. Chief Administrative Managarr	Do.
19. Chief Medical Officer	Do.
20. Chief Vigilance & Security Manager	Do.

Fuel Limits for Months

Chairman (Large Car)	250 litres
Sr. Departmental Heads	200 litres
Others	160 litres

6.12. Fuel consumption in excess of these limits, is borne by the officer concerned. The fuel limit for all small cars was 200 litres originally, which was, however, reduced to 160 litres on account of the increase in the cost of petrol. The original limit of 200 litres for small cars has since been restored in the case of Senior Departmental Heads and above.

- (a) Officers getting the facility of Corporation's Car do not get the Conveyance Allowance attached to their grade. Further, they are not eligible for claiming local conveyance| taxi charges. They are also not allowed to take the car outside the city limits without prior sanction.
- (b) The following rates of recoveries are affected towards personal use of car:
 - (i) Big Car with driver—Rs. 150 p.m.
 - (ii) Small Car with driver—Rs. 100 p.m.
 - (iii) Small Car without driver—Rs. 75 p.m.
 - (iv) Small Cars used for sales promotion|Engineering purposes—Varying from Rs. 50 to Rs. 30 p.m.

6.13. During evidence, the Committee drew the attention of the representatives of Air India to the guidelines issued by Government in September, 1968 to the effect that use of Company cars for private purposes could be allowed to high level functionaries subject to the condition that the non-duty journeys should not exceed 500 kms. per month for which recovery at specified rates should be affected. In other cases it would be for the Board to consider whether any conveyance allowance should be given. The Committee pointed out that if one were to make proper calculations of the various incidental expenses involved, e.g., interest on capital, depreciation, repairs and

maintenance, insurance, road tax, salary, allowances overtime and other expenses on the driver, fuel and lubricants and other miscellaneous items like batteries etc., these would work out to a minimum of Rs. 4000 per month. The Chairman, Air India stated that he would accept responsibility for approving the use of cars by the officers. In the past, this had been the subject of audit comments and justifications had been given for the need of cars by individuals.

6.14. Asked if it could be done without the Bureau's approval, the Chairman, Air India stated that the Bureau had issued guidelines only and thereafter it was left to the Board to make suitable adjustments to meet their requirements. He admitted that the recoveries being made from the individuals concerned were nowhere near the expenditure. It was an old practice and had been continuing for many years. He added, "The Board had considered it necessary for these officers to have cars in order to keep the company functioning."

6.15. The Committee find that besides the Chairman, Air India, who has been allotted a big car and a chauffeur, 19 other executives have been provided small cars with whole time chauffeurs for their exclusive official/personal use and yet another 21 Division/Section heads are allowed 'incidental' personal use of small cars. The Chairman, Air India is allowed fuel upto 250 litres per month while other executives are allowed 160/200 litres. The rates of recovery for all these facilities are a ridiculously meagre Rs. 150/- per month from the Chairman for the big chauffeur driven car provided to him, Rs. 100 per month from executives allotted small car with driver and Rs. 75 per month for small car without driver.

6.16. The Committee do not find any justification for as many as 41 executives of Air India being given the facility of car for their personal use. Considering the ever escalating fuel costs and also the high maintenance expenditure, the Committee are firmly of the view that the scale on which this facility has been provided to Air India executives needs to be severely curtailed with a view to effecting economy. The Committee do not appreciate why as many as 21 executives of Air India should be allowed 'incidental' personal use of small cars, which is only a cover for providing them this facility in an indirect manner, undoubtedly on an exclusive basis. The Committee are of the view that in all such cases, the executives concerned should only be allowed the usual conveyance allowance and cars placed at their disposal should be withdrawn forthwith.

C. COMPANY SERVANTS

6.17. Eight Officers of the level of Sr. Departmental heads and above are allowed reimbursement of expenditure on personal peon| bearer @ Rs. 225 per month. The Committee enquired during evidence if this facility was available in any other public undertaking and what the guidelines of Government were in this regard. The Chairman, Air India stated that this was also a legacy from earlier days. In the beginning when Air India was a private company, certain officers were permitted to have servants in their houses and this practice had been continuing. Incidentally, this did not include the Chairman.

6.18. The Committee consider that payment of Rs. 225 per month to each executive for the expenditure on personal servants in as many as eight cases, is a relic of the past and has absolutely no justification in the present situation when Air India has ceased to be a private property but is a national undertaking. The Committee, therefore, require that the top executives of Air India who are already well paid, should be asked to fend for themselves and the facility withdrawn without any loss of time.

D. ELECTRICITY CHARGES

6.19. The reimbursement of expenditure on electricity consumption is allowed only to Sr. Departmental heads and above on their monthly residential electricity charges in excess of Rs. 50. The Committee were informed during evidence that the total expenditure on this account was approximately Rs. 4000 per annum.

6.20. The Committee see no reason why Air India should foot the electricity bills of its Executives for their domestic consumption. As such expenditure does not in any way subserve Air India's commercial interests, there seems to be no rationale behind the present practice. The Committee, therefore, require that this should be stopped forthwith.

E. COMPANY HOUSES

6.21. Following are the figures of expenditure incurred on the residential accommodation provided to executives (owned or leased by Air India) during the years 1974-75 to 1977-78:—

	(Rs. in lakhs)
1974-75	10.43
1975-76	9.74
1976-77	10.28
1977-78	10.73

(a) *Rent paid for residence of Chairman|Managing Director, Directors, etc.*

6.22. The Committee called for details of the expenditure on rent for the residence of the Chairman, Managing Director, Directors and other executives drawing more than Rs. 2000 per month during each of the years 1974-75 to 1977-78. The information furnished by Air India is tabulated below:—

(i) Expenditure on rent for the residence of Chairman and Managing Director with addresses, floor area occupied by each.

The Chairman of the Corporation has not been provided any accommodation by the Corporation and, as such, the question of expenditure on this account does not arise. As regards the Managing Director, the expenditure incurred in respect of the incumbent of the post of Managing Director during the period under review, i.e., 1974-75 and 1977-78 and other particulars are given below:—

Mr. K. K. Unni, Managing Director

Address of accommodation leased by the Corporation for the Managing Director	} Flat 6, 'B' Jeevan Jyoti, Setalvad Road, Bombay-6	Building owned by L.I.C.
Floor area occupied		2380 sq.ft. (approximately)
Rent (i.e. net liability of the Corporation)		Rs.
	1974-75	30799.00
	1975-76	30894.00
	1976-77	32403.00
	1977-78	20730.00

No expenditure is being incurred on this account in respect of the present Managing Director (Mr. K. G. Appusamy).

(ii) Expenditure incurred on rent for other Directors and Executives drawing more than Rs. 2000 p.m.

Details of the net liability of Air India in respect of the expenditure incurred on rent for 29 Directors/Executives drawing more than Rs. 2000 per month are given below:—

	(Rs. in lakhs)
1974-75	3.07
1975-76	3.35
1976-77	3.61
1977-78	3.33

6.23. In case of the following officers Air India's liability exceeded Rs. 20,000 per annum during 1977-78:—

1. Shri R. Venkataraman, Director, Planning	Rs. 22863 (Rs. 7621/- during April-July 77)
2. Shri N. H. Dastur, Dy. Managing Director	Rs. 32,400
3. Shri P. V. Gole, Director of Personnel and Industrial Relations	Rs. 22,996
4. Shri G. D. Dubey, Controller of Communications	Rs. 20,818
5. Capt. J. R. Martin, Public Relations Manager	Rs. 20,895
6. Shri H. M. Kaul, Manager, Northern India	Rs. 27,102 (during 1976-77)
7. Shri Ajti Singh, Manager, Northern India	Rs. 36,705
8. Shri H. D. Billimoria, Manager, Eastern India	Rs. 21,953
9. Shri R. V. Mascarehans, Manager, Southern India	Rs. 26,000

6.24. In 9 cases, the liability of the Corporation ranged between Rs. 10,000 and Rs. 2000 per annum while in two cases only it was less than Rs. 10,000 per annum during 1977-78. In the remaining 9 cases, the information is nil.

(b) *Accommodation leased in the name of Corporation*

6.25. As per the guidelines of the Bureau of Public Enterprises, the total expenditure on accommodation should not exceed 45 per cent of the emoluments of the officer concerned. The Committee called for details of monthly rent paid, the house rent relief given, gross monthly salary etc. of all executives for whom accommodation had been leased by Air India. It has been stated in reply that every effort is made to find out accommodation within the prescribed guidelines. It will be seen from the given in Appendix II that out of the 46 executives for whom accommodation has been hired, in respect of 28 executives the accommodation hired is within the 45 per cent limit. It will be appreciated that in an expensive city like Bombay, it is extremely difficult to find accommodation within the prescribed guidelines.

6.26. It will be observed from the statement given in Appendix II that Air India's liability in respect of accommodation leased for executives amounts to Rs. 44,201 per month, i.e., Rs. 5.30 lakhs per year. The expenditure exceeded 45 per cent of the monthly gross salary of 18 of these officers. Air India's liability in these cases amounted to Rs. 9,430 per month or Rs. 1.12 lakhs per annum.

6.27. During evidence the Committee enquired about the justification for hiring accommodation for several executives at a rent in excess of the normal limits prescribed by Government. The Managing Director stated that the rentals for houses that had been provided to the various officers had been individually put up to the Board and approved from time to time—the reason being that on their return from abroad these officers found it difficult to obtain accommodation within the prescribed ceilings in a city like Bombay. Asked if this did not amount to violating the guidelines of the BPE, the Chairman, Air India stated:—

“We are bringing it to their notice saying that the existing guidelines do not recognise the reality of the situation. . . . In the case of new arrivals, this problem is a serious one and we will take it up with BPE”.

6.28. The Committee find that an amount of Rs. 32,403 was spent in 1976-77 on the accommodation provided to the former Managing Director (Shri K. K. Unni). During the first four months of the year 1977-78 (prior to Shri Unni's retirement), an expenditure of Rs. 20,730 was incurred.

6.29. According to the guidelines issued by the Bureau of Public Enterprises, the total expenditure on rent should not exceed 40 per cent of* the emoluments of the officers stationed in Bombay. The Committee are distressed to learn that even after allowing a further margin of 5 per cent, the limit was exceeded in as many as 18 cases. Air India's liability on this account amounts to Rs. 1.13 lakhs per annum.

6.30. The Committee find that in as many as 9 cases, the net liability of the Corporation exceeds Rs. 20,000/- per annum—in one case it is as high as Rs. 36,705 per annum, while in another case it is Rs. 32,400/- per annum. The Committee fail to see why Air India should continue to incur an expenditure of Rs. 2000/- to Rs. 3000/- per month in providing accommodation to several of its executives in utter violation of the guidelines issued by Government. The Committee would like the matter to be reviewed at the highest level with a view to ensure that Air India do not continue to be saddled with such avoidable expenditure on lavish living by its executives. They require that the officers concerned should be asked to shift to less luxurious accommodation or else pay the same. The action taken in the matter should be reported to them.

F. Company Furniture

6.31. Provision of new furniture was discontinued from 1977. However, 23 Officers are allowed use of the old furniture which was available in the Corporation prior to 1977 as per details given below:—

	*Cost (Rs.)
1. Managing Director	50,377
2. Dy. Commercial Director	33,458
3. Dy. Managing Director (HQ)	13,617
4. Dy. Managing Director (C)	26,165
5. Dy. Manager (Western India), Bombay	11,625
6. Manager (Western India), Bombay	25,770
7. Regional Director—India, Bombay	55,966
8. Assistant Regional Director, New Delhi	12,825
9. Manager (Northern India), Delhi	51,053
10. Dy. Manager (Northern India), Delhi	10,810

* (vide para 3.8).

	Cost (Rs.)
11. Area Sales Manager, New Delhi	8,422
12. Manager (Eastern India), Calcutta	13,907
13. Dy. Manager (Eastern India), Calcutta	19,304
14. Manager (Southern India), Madras	21,399
15. Dy. Manager (Southern India), Madras	7,091
16. District Sales Manager, Cochin	4,424
17. District Sales Manager, Hyderabad	8,439
18. District Sales Manager, Poona	9,877
19. District Sales Manager, Ahmedabad	9,571
20. District Sales Manager, Bangalore	7,449
21. District Sales Manager, Kanpur	6,312
22. Commercial Manager (C)	32,013
23. Managing Director (H.C.I.)	31,412
	4,73,286

Note: Perquisite value has been taken at 10% of the original cost of furniture.

6.32. The Committee pointed out during evidence that furniture had been provided on a very lavish scale at the residences of 23 executives of Air India and in one case the value of such furniture was as high as Rs. 55,960. While they were charged only @ 2½ per cent. of their basic pay for this facility whereas the interest alone @ 12 per cent. would be about Rs. 500 per month. The Committee, therefore, enquired whether the provision of furniture was governed by the terms of their appointment. The Managing Director stated that at the time of nationalisation, the Board had approved certain categories of officers to be provided with furnished accommodation. In other cases, the provision of furniture was as per the approval of the Board from time to time.

Chairman, Air India added:—

“These are transferable posts. The persons affected would find it extremely difficult to carry their own furniture around with them. In the case of Air India, there are compulsions in providing accommodation and furniture.”

6.33. The Committee are indeed amazed to note that furniture of the value of as much as Rs. 4.73 lakhs has been made available to 23 top executives of Air India, three of whom have furniture worth

more than Rs. 50,000/- at their residences (in one case, it is as high as Rs. 56,000/-). The recovery being only of the order of 2½ per cent of the emoluments counting for provident fund, it is clear that the officers concerned are enjoying this facility on a scale unmatched in the public sector, not to speak of the highest executives in Government of India.

6.34. The Committee cannot acquiesce in the continuance of this situation for any further length of time. The Committee are of the view that the recovery should not be less than 8 per cent of the original value of the furniture, if at all this facility has to be allowed. They require that the matter should be reviewed at the highest level in the Ministry and suitable guidelines laid down in this behalf.

G. Free/concessional passages

6.35. All permanent employees of the Corporation who have been confirmed in the service of the Corporation and have completed 12 months of service from the date of appointment are eligible to the grant of free/concessional passages in accordance with the scales laid down in this regard for travel in the Corporation's flights. The passages admissible to the employees are permitted to be transferred to the family of the employee in accordance with IATA Resolution No. 200:

Relevant extracts of IATA Resolution No. 200 containing the definition of 'family' are given below:—

"(1)(d) 'immediate family' means a spouse, children, parents, brothers, sisters, dependent relatives or dependents in the household."

(1)(e) 'dependents in the household' in the case of paid employees means:

(i) bonafide household servants—employed for at least 30 days prior to the commencement of travel or whom the employee intends to retain for at least 30 days after the termination of travel.

(ii) attendants accompanying an air carrier employee, or member of such employee's immediate family, who is ill or physically incapacitated and requires such attendance."

6.36. The present scales on which free/concessional passages are allowed to the staff are given in Appendix III.

6.37. At the instance of the Committee, Air India have furnished information in respect of staff based at Bombay for the years and departments mentioned below. Further information in this regard is stated to be under compilation.

Department	Years compiled
(a) Commercial Department	1974-75, 1975-76, 1976-77, 1977-78 and 1978-79.
(b) Operations Department (partly)	1975-76, 1976-77 and 1977-78.
(c) Other Departments (partly)	1974-75, 1975-76, 1976-77, 1977-78 and 1978-79.

6.38. Air India have stated that the lists indicate the names and details of passage authorities issued in favour of employees on their applying for such passages. It does not necessarily mean that in all these cases travel has actually taken place since the tickets are issued on a subject to load basis and in several cases employees may not have been able to avail themselves of these passages due to the non-availability of seats. Also for similar reasons only a part of the travel may have been performed and the entire travel for which passage has been issued may not have been performed.

6.39. The representative of Air India informed the Committee during evidence that in terms of IATA's Resolution No. 200, the free concessional tickets allowed to the staff were transferable to other blood relations as well. The scales on which this facility was made available were determined by agreement with the unions and the officer's Association. This perquisite was available to Airline employees all the world over (including Indian Air lines) and there seemed to be no reason to deny it to the Air India staff.

6.40. At the instance of the Committee, Air India have furnished full particulars of all cases of misuse/sale of concessional passage tickets by their employees during the last 3 years. Brief particulars of such cases are as under:—

Year	No. of cases	Allegations/charge	Action Taken
1	2	3	4
1976-77	3	(i) False declaration regarding sister-in-law as sister.	Major penalty of production by two stages in the time scale of pay for a period of one year and denial of two free passages for a period of two years.

1	2	3	4
		(ii) (a) Unauthorised extension of the validity period of ticket and alternation from Free II to Free I for travel on flight as staff on duty whereby there was less of one revenue seat.	(a) Reduction to a lower grade if pay for a period of three years.
		(b) False claim on loss of baggage.	(b) Passage entitlements withheld for 3 years.
		(c) Under pretext of loss of baggage, obtained further transportation on interline basis.	Three more staff who connived and abetted in the various manipulations were also awarded punishment.
		(ii) False declaration re: brother-in-law as brother.	Suspension on loss of pay and allowances for a period of 4 days and stoppage of the free passages entitlement for the year 1978-79.
1977-78	1	Two concessional passages used by sister's daughters instead of the employees own daughters in whose favour the passages were obtained.	Free/concessional passage facility withheld for a period of two years.
1978-79	3	(i) Selling of 90% concessional ticket to an outsider.	Free/Concessional passage facility withheld for a period of three years and suspended from service for 4 days on loss of pay and allowances.
		(ii) Obtained three Indian Airlines ticket for family members but allowed them to be used by others.	Enquiry Committee constituted to go into the charges.
	—	(iii) Misrepresentation and false information in regard to family member and unauthorised transfer of passage by a retired employee.	Passage entitlements withdrawn until further orders.

6.41. The Committee desire that the full financial implications of the facility of free/concessional passages given to Air India employees should be worked out and shown in the Annual Reports for information of the public and the Parliament. Since the facility is available on a rather liberal scale, and is liable to be misused, as would be evident from the particulars of cases mentioned in Para 6.40 above, it is essential that Air India devise suitable inbuilt checks to ensure that it is not misused and economies enforced as far as possible. The Committee would be interested to know how these officers and their families maintain themselves during their vacations abroad with the meagre foreign exchange allowed to them.

to 44

Expenditure on perks enjoyed by a former Commercial Director

6.42. During evidence, the representative of Air India furnished the following figures of break-up of expenditure of Rs. 91,796 incurred by way of perquisites provided to Shri N. H. Dastur, former Commercial Director during 1977-78:—

	Rs.
1. Rental value of house less recovery	35,581
2. Car (big) including depreciation, interest, insurance, road taxes and driver's salary	47,515
3. Reimbursement of Entertainment Expenditure	6,000
4. Peon (Personal servant)	2,700
Total	91,796

6.43. In addition to the above and as mentioned in Para 6.8 Shri Dastur incurred an expenditure of Rs. 77,642 on entertainment through bills/vouchers during 1977-78.

6.44. The Committee observe from the above that Air India's total liability in respect of one individual alone was a staggeringly high figure of Rs. 1.69 lakhs during 1977-78. This figure does not include the expenditure on telephone, club membership fees etc., and the monetary value of free/concessional passages availed of for by the Officer himself and family.

6.45. The Committee desire that a special audit of the expenditure on entertainment incurred by the top executives of Air India during the years 1975-76 to 1978-79 should be carried out so as to ascertain the reasonableness and justification of such expenditure. The Committee would also like to be informed if any of these perquisites were taxable and if so, whether the necessary deductions were made.

6.46. The above instance is illustrative of the fact that a few of the top executives of Air India (India based) have managed to appropriate the lion's share of the expenditure on perquisites which runs into as many as five digits. That a single individual should have the liberty to saddle Air India with a monthly expenditure of Rs. 14,120 or Rs. 470 per day is probably unsurpassed in the annuals of public sector enterprises in India.

6.47. The figures given in the preceding paragraphs speak for themselves. The Committee would only like to say that true to their insignia many Air India executives have been living like Maharajahs at the cost of the poor millions in the country. Even though privy purses have been abolished, these neoprinces are fattening themselves with Air India's money in complete disregard of the norms laid down by Government. How long such a situation should be allowed to continue is a matter which calls for serious thinking on the part of the Government. . .

CONCLUSION

7.1. The Committee's examination of perquisites enjoyed by the Executives of Public Undertakings even on basis of scanty and evasive information received, has revealed that the effect is quite out of tune with the general standard of living of the country, which is quite low. There is also an unaccountable non-acceptance of restrictions already imposed. Although, there cannot be any rigid party in this matter among the public undertakings and between the Public Undertakings, the Central Government, Railways and the P&T, the Committee feel that the provision of perquisites should conform to a broad pattern. As they have indicated earlier in this Report, there should be firstly a clear definition of perquisites and a pattern laid down for regulating each of the items indicating how the monetary effect thereof should be computed in an acceptable manner and also ensuring that sum total of all should not be unduly high compared to the basic pay. Unless the perquisites are brought which will have wider social repercussions especially for low paid ing position would have serious deleterious demonstration effect which will have wider social repercussions especially for low paid employees. There can be no ostentation at the expense of the Exchequer. Moreover the public undertakings have to set an example to the private sector and not follow their example. The Committee therefore recommend that a comprehensive review of the whole matter may immediately be undertaken by the Bureau of public undertakings drawing basic pay of over Rs. 2000 per month. and necessary guidelines issued. While doing so, the Committee wish to clarify that their observations contained in this Report should be applied mutatis mutandis to all the Executives of the public undertakings drawing basic pay of over Rs. 2000 per month. The result of the examination and the action taken on the basis thereof should be reported to this Committee within six months without fail and also shown in the Annual Report of each undertaking, the Bureau of Public Enterprises and each administrative Ministry concerned.

APPENDIX I

(Vide para 3.19)

Expenditure on hiring residential accommodation for Chief Executives of Public Undertakings

Sl. No.	Name of Undertaking	Post	Covered Area occupied	Net financial liability of the Corporation		
				1974-75	1975-76	1976-77
1	2	3	4	5	6	7
1.	Air India, Bombay	M.D.	2380 sq. ft.	30799	30894	32405 (@₹700 p.m.)
2.	Bharat Heavy Electricals Ltd., New Delhi.	CMD	3492 sq. ft.	21600	21600	25000 (@₹803 p.m.)
3.	Bharat Pumps & Compressors Ltd., Naini	G.M.	*2400 sq. ft.	15600	18780	18780 (@₹1565 p.m.)
4.	**Bongaigaon Refinery & Petrochemicals Ltd., New Delhi	(i) C.M.D. (ii) M.D.	N.A. 1900 sq. ft.	21000	8750 (Upto 31-8-75) @₹1750 p.m. 8050 (7 months)	.. 13,800 (@₹1150 p.m.)

* A part of this residential accommodation is also used for office during after office hours and on holidays in view of the remoteness of the plant from Allahabad City.

** Though the accommodation was hired by the Company, the difference between the actual rent paid and 25% of the pay i.e. H.R.A. admissible to them under the Company's Rule is recovered from the persons.

1	2	3	4	5	6	7
5.	Calcutta Refining India Ltd.	M.D.	2800 sq. ft.	..	..	30,000 @Rs. 2500
6.	Central Inland Water Transport Corporation Ltd., Calcutta.	Chairman	N.A.	19750 @ 1145 (p.m.)	Nil	Nil
7.	Central Fisheries Corporation Ltd., Howrah	M.D.	1900 sq. ft.]	..	..	18,840 (@Rs. 1570 p.m.)
8.	Central Electronics Ltd.	M.D.	N.A.	12000 @Rs. 1000 p.m.)	16800	16800 (@Rs. 1400 p.m.)
9.	Coal India Ltd., Calcutta	Chairman	2100 sq. ft.	15780	15780	15780 (@Rs. 1915 p.m.)
10.	Cochin Shipyard & Ltd., Cochin	C.M.D.	4000 sq. ft.	16350	16350	16350 (@Rs. 1362 p.m.)
11.	Coston Corporation of India Ltd., Bombay	M.D.	1270 sq. ft.	12960	12960	12960 (@Rs. 1080 p.m.)
12.	Damodar Valley Corporation Calcutta	(i) Chairman	3000 sq. ft.	12000	12000	12000 (@Rs. 1000 p.m.)
		(ii) G.M.	2044 sq. ft.	12000	12000	12000 (@Rs. 1000 p.m.)

13.	Delhi Transport Corporation, New Delhi	G.M.	N.A.	12000	12000 (@1150 p.m.)	10250 (@1150 p.m.)
14.	Engineers India Ltd., New Delhi	G.M.D.	4439 N.A.	3951	4098 1355†	
15.	Engineers Projects (India) Ltd., New Delhi.	G.M.D.	N.A.	15600	19659 19600	15600 (@Ra. 1300 p.m.)
16.	Food Corporation of India, New Delhi	Chairman	N.A.		..	21195 (@Ra. 1766 p.m.)
17.	††General Insurance Corporation of India, M.D. Bombay.	M.D.	N.A.	21000	29201 (for 2 M.D.)	17486 (for 2 M.D.)
18.	Handicrafts & Handloom Exports Corporation of India Ltd., New Delhi.	Chairman	4372 sq. ft.	₹18000	₹18000	₹25975 (@3164 p.m.)
19.	Hindustan Aeronautics Ltd., Bangalore	(i) Chairman	252 sq. mt. or 2772 sq. ft.	12600	16800	18500 (@1550 p.m.)
20.	Hindustan Insecticides Ltd., New Delhi	(ii) Ex. M.D. M.D.	3348 sq. ft. N.A.	8100 14688	14580 14568 (@Ra. 1214 p.m.)	16800 9580
21.	Hindustan Paper Corporation Ltd., Calcutta.	G.M.D.	5500 (1976-77) sq. ft.	12000 (HRA)	12000 (HRA)	14000 (@Ra. 1166 p.m.)

* The figures show net amount paid after recovery from salary of C.M.D. 10% for rent, 2½% for furniture.

†† The Corporation provided him with residential accommodation the rent ceiling of Ra. 1230 per month after recovering 10% of his pay. Since Sept., 1973, the Corporation is paying Ra. 1080 per month towards the rent as per court order till final disposal of the standard rent application made by the Corporation.

† Figures relate to calendar year.

†† The figures include gardening charges also.

22.	Hindustan Petroleum Corporation Ltd., Bombay.	C.M.D.	2500 sq. ft.	15978 (@1331 p.m.)	5940	..		
23.	Hindustan Steel Works Construction Ltd., Calcutta.	M.D.	2026 sq. ft.	22,000	24,000	24,000 (@Rs. 2000 p.m.)		
24.	Hotel Corporation of India, Bombay	M.D.	1600 sq. ft.	21666 (@1895 p.m.)	21454 (@1788 p.m.)	18455 (@1538)		
25.	Housing & Urban Development Corpora- tion Ltd., New Delhi.	M.D.	1882 sq. ft. (from 16-12-74)	12759	19200 (@1600 p.m.)	5958 for 4 months (@Rs. 1246 p.m.)		
26.	India Tourism Development Corpora- tion Ltd., New Delhi.	(i) GMD	N.A.	26400	26400 (@Rs. 2200 p.m.)	8800		
		(ii) Executive Director	N.A.	24000	24000	24000 (@Rs. 2000 p.m.)		54
27.	Indian Drugs & Pharmaceuticals Ltd., New Delhi.	C.M.D.	N.A.	15324	15584 (@ Rs.1300p.m.)	12697 (@1058 p.m.)		
28.	Indian Oil Corporation Ltd., New Delhi.	(i) Chairman	3300 sq. ft.	23,350	23,744	22,800 (@Rs. 1900)		
		(ii) M.D.	4000	16,795	21,600	21,600 (@Rs. 1800 p.m.)		
29.	Indo Burma Petroleum Co. Ltd., Bombay	C.M.D.	2446 sq. ft.	..	..	7000 (for 5 months) (@Rs. 1400 p.m.)		
30.	Industrial Development Bank of India, Bombay.	Chairman	2000 sq. ft. (1-7-76 to 30-6-77)	..	*14098 (16-2-76 to 30-6-76 @Rs. 3000 p.m.)	*31733 (1-7-76 to 30-6-77 @Rs. 2000 p.m.)		

* (1) Figures in Col. 5 & 6 relate to Calendar years 1975 and 1976.

(2) Col. 6 Rs. 3000 per month towards rent and Rs. 133 per month towards maintenance.

(3) Col. 7 Rs. 2000 per month towards rent and Rs. 600 towards outgoing.

31	International Airports Authority of India Ltd., New Delhi.	Chairman	N.A.		25500 (@Rs. 1908 p.m.)	14400 (@Rs. 1200 p.m.)	16200 (@Rs. 1350 p.m.)
32	Kudremukh Iron Ore Co. Ltd., Bangalore.	C.M.D.	3136 sq. ft.		..	..	1459** (@Rs. 1219 p.m.)
33	Madras Fertilizers Ltd., Madras	M.D.	3000 sq. ft.		26,400	26,400	26,400 (@Rs. 2200 p.m.)
34	Madras Refineries Ltd., Madras	M.D.	1600 sq. ft.		13888 (@Rs. 1157 p.m.)	12361 (@Rs. 1030 p.m.)	
35	Mazagon Dock Ltd., Bombay	C.M.D.	312.48 sq. mts. or 3437 sq. ft.		13200	13200	13200 (@Rs. 1100 p.m.)
36	Metallurgical & Engineering Consultants (India) Ltd., Ranchi.	Jt. Managing Director	1500 sq. ft.		14000	14000	14000 (@Rs. 1166 p.m.)
37	Minerals & Metals Trading Corporation of India, New Delhi.	Chairman (i) till 15-12-75 (ii) 15-12-75 to 30-3-76	2700 sq. ft. N.A.		16171	12020	
38	Mishra Dhatu Nigam Ltd., Hyderabad	C.M.D.	2650 sq. ft.		7430 23601	9950 21979	9880 9800
39	National Fertilizers Ltd., New Delhi	C.M.D.	N.A.		..	..	11000 (for 10 months) (@Rs. 1100 p.m.)
40	National Industrial Development Corpn. Ltd., New Delhi.	M.D.	2000 sq. ft.		13200	7000	13000 (@Rs. 1083 p.m.)
							4058 (@Rs. 1100 p.m.)

**Rent @ 10% of the Pay was recovered from the pay.

@ Recoveries of Rent @ 10% of his Pay plus CCA was made from the M.D.
No residential house is presently rented by the Corporation for its C.M.D.

1	2	3	4	5	6	7
41	National Instruments Ltd., Calcutta	C.M.D.	N.A.	12000	12000	12000 (@Rs. 1000 P.M.)
42	National Projects Construction Corporation Ltd., New Delhi	C.M.D.	2000 sq. ft.	9861	9740	12020 (@Rs. 1001 P.M.)
43	National Textile Corporation (Mahab) North Bombay	Chairman	N.A.	Nil	19794 (@Rs. 1650 P.M.)	Nil
44	Oil & Natural Gas Commission, Dehra Dun.	Chairman	197' 603 mtb.	—	—	12060 (15-6-76 to 15-11-76-5 months)
45	Projects & Equipment Corpn. of India Ltd. New Delhi	Chairman	2500 sq. ft.	—	7392	(@Rs. 2612 P.M.) 15,687 (@Rs. 1907 P.M.)
46	Rail India Technical and Economic Services Ltd., New Delhi.	M.D.	N.A.	Nil	4250	17850 (@ Rs. 1700 P.M. for 10 1/2 months)
47	Rehabilitation Industries Corporation Ltd., Calcutta.	M.D.	N.A.	18000	18000	18000 (@Rs. 1500 P.M.)
48	Richardson & Cruddas Ltd., Bombay	C.M.D.	150 sq. mtb. or 1430 sq. ft.	18000	22000	21000 (@Rs. 1750 P.M.)

49	Rural Electrification Corporation New Delhi	(i) Chairman	4498 sq. ft.	18672	18672	18672 (@Rs. 1556 P.M.)
		(ii) (a) M. D.	2250 sq. ft.	12720	11000	—
		(b) M.D.	2650 sq. ft.	—	4950	13200
				12720	15950	13200
50	Shipping Corporation of India Ltd. Bombay.	G.M.D.	2217 sq. ft.	11908	12160	12773 (@Rs. 11097 P.M.)
51	Scoters India Ltd. Lucknow	C.M.D.	220 sq. ft. or 2450 sq. ft.	10000	13000	13000 (@Rs. 1083 P.M.)
52	Chemicals & Pharmaceuticals Ltd., New Delhi	M.D.	N.A.	—	—	13660 (@Rs. 1135 P.M.)
53	State Trading Corporation of India Ltd., New Delhi.	Chairman	N.A.	24000	24000	24000* @Rs. 1800 P. M. for house & Rs. 200 P. M. for Garage)
54	State Authority of India Ltd. New Delhi.	Chairman	250 sq. mts. or 2750 sq. ft.	Nil	Nil	7506 (8-10-76 to 31-3-77 6 month @Rs.1250 P.M.)
55	United India Fire & General Insurance Co. Ltd., Madras	M.D.	N.A.	15000	11750	15000 (@Rs. 1000 P.M.)
56	Sail International Ltd., New Delhi	M.D.	1900 sq. ft.	10350 (9 months)	14881	15632 (@Rs. 1403 P.M.)

*The Corporation has stated thus :—This is the gross rent out of which recovery is made from the Chairman as required under the rules.

APPENDIX-II

(Vide para 6.25)

Details of monthly rent, House Rent, Relief, Gross monthly salary, etc. in respect of 46 Executives for whom accommodation has been leased.

Sl. No.	Name of the Officer	Designation	Rent p.m.		Recovery p.m.		Corporation's burden P. M.		Monthly gross salary		45% of monthly gross salary		Excess of burden over 45% P.m.	
			Rs.	P. M.	Rs.	P. M.	Rs.	P. M.	Rs.	P. M.	Rs.	P. M.	Rs.	P. M.
1	Mr. K.G. Appusamy	Managing Director	1980		387		993		3955		1780		58	
2	Mr. B.K. Mangaonkar	Commercial Manager-Industry Affairs	1900		276		1624		3010		1355		545	
3	Mr. G.D. Dubey	Controller of Communications	3000		299		2701		2990		1345		1655	
4	Mr. P.V. Gole	Director of Personnel and Industrial Relations	2034		300		1734		3000		1350		684	
5	Dr. A.M. Chatterjee	Sr. System Manager	900		224		676		2500		1125		..	
6	Mr. R.K. Thadani	Commercial Manager-Sales	2000		276		1724		3010		1355		645	
7	Mr. Syal Kumar	Dy. Manager-Santa Cruz.	500		201		299		2572		1157		..	
8	Mr. R. Rustogi	Dy. Manager-Santa Cruz.	500		201		299		2822		1270		..	
9	Brig. M.P. Joseph	Controller of Civil Works and Properties	1350		299		1051		3215		1447		..	

10	Mr. C.L. Sharrin	Dy. Managing Director	1350	313	1037	3125	1406	..
11	Mr. S.K. Nanda	Dy. Director of Personnel and Industrial Relations	1600	308	1292	2990	1945	255
12	Mr. F.V. Mascarenhas	Commercial Manager Traffic Services	1200	276	924	3045	1370	..
13	Mr. P.A. Narain	Dy. Manager-Airport-Santa Cruz	830	236	594	2650	1193	..
14	Mr. P.A. Thomas	Dy. Engineering Manager	805	319	486	3971	1787	..
15	Mr. M. Khosla	Area Sales Manager	1200	180	1011	2153	969	231.
16	Mr. D.V. Gidwani	Manager, Calcutta	2160	253	1907	2930	1319	841
17	Mr. S. Mukherjee	Dy. Manager, Eastern India	1000	112	788	2540	1143	..
18	Mr. A.K. Barman	Airport Manager, Calcutta	525	176	349	2048	921	..
19	Mr. K. Sivaraman	District Sales Manager, Calcutta	850	342	508	2063	928	..
20	Mr. D. Murthy	Flight Despatch Manager	750	..	750	2139	962	..
21	Mr. K.H. Upadhyaya	Accounts Manager, Calcutta	825	..	825	2936	1078	..
22	Mr. A.M. Chatterjee	District Sales Manager, Jamshedpur	195	..	195	1850	833	..
23	Maj. S.G. Srinivasan	Regional Director-India	1883	299	1584	3390	1525	358
24	Mr. Randhir Singh	Manager, Northern India	3500	253	3247	2730	1229	2271
25	Mr. P.H. Bandedkar	Dy. Manager, Northern India	1300	386	914	2400	1080	220
26	Mr. S. Ghosh	Sales Manager, Northern India	1200	289	911	2304	1027	163
27	Mr. H.S. Uberoi	Cargo Sales Manager Northern India	1050	295	755	2400	1080	..

	1	2	3	4	5	6	7	8	9	
28	Mr. J. Singh	.	.	Sales Manager, Northern India	450	..	450	1973	887	..
29	Mr. N.S. Mathur	.	.	Staff Officer to Chairman	1900	401	899	2272	1023	277
30	Cdr. Joginder Singh	.	.	Manager, Tourism	1350	591	759	2510	1130	220
31	Mr. A.K. Kaul	.	.	Resident Maintenance Manager, New Delhi	1500	308	1192	3426	1542	..
32	Mr. R.P. Hudikar	.	.	Dy. Controller of Ground Handling, New Delhi	1350	308	992	3476	1564	..
33	Mr. P.R. Mukherjee	.	.	Regional Accounts Manager, New Delhi	1100	224	876	2375	1159	..
34	Mr. D.S. Andrade	.	.	Supplies Manager	825	..	825	2397	1079	..
35	Mr. L.M. Kholea	.	.	Cargo Sales Manager, New Delhi	1500	636	864	2400	1080	420
36	Mr. V.G. Hingorani	.	.	Maintenance Manager, New Delhi	800	280	520	3226	1451	..
37	Mr. M.N. Saxena	.	.	Sr. Security Investigator, New Delhi	650	111	539	1980	891	..
38	Mr. H.S. Lota	.	.	Sr. Flight Despatch Manager, New Delhi	950	150	800	2419	1089	..
39	Mr. R.B. Sharma	.	.	Sales Manager, Jullunder	1000	189	811	2204	992	..
40	Mr. S. Srinivasan	.	.	Manager, Southern India	1250	265	985	3045	1370	..
41	Mr. B.R. Satyanarayana Rao	.	.	Sales Manager, Bangalore	1050	189	861	2154	969	81
42	Mr. A.S.C. Fernandes	.	.	District Sales Manager, Cochin	450	141	309	1880	846	11

43	Mr. M. Zahid	. . . . .	1350	189	1161	2354	1059	291
		Manager, Trivandrum . . .						
44	Mr. O. Sekhara	. . . . .	900	..	900	1979	890	10
		District Sales Manager, Hyderabad						
45	Mr. G.S. Chugani	. . . . .	1100	141	959	1899	897	263
		Sales Manager, Ahmedabad						
46	Mr. M. Khoela	. . . . .	600	189	411	2153	969	..
		District Sales Manager, Poona						

APPENDIX III

(Vide para 6.36)

Scales of free/concessional passages admissible to Air India employees

Under Regulation 4 of the Air-India Employees' Passage Regulations, 1960 amended from time to time, the employees, in a financial year, are allowed free and/or concessional passages on International/Domestic sectors, in accordance with the scales of concessions shown below:—

After completion of satisfactory service of	For travel on International sectors				For travel on Domestic Sectors				
	Concession in value		Concession in value		Concession in value		Concession in value		
	(Percent)				(Percent)				
	No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3	No. 4	No. 5
1 year	100	60	10	Nil	100	75	75	75	Nil
2 years	100	80	30	10	100	80	75	75	75
3 years	100	100	50	30	100	100	75	75	75
4 years	100	100	70	50	100	100	75	75	75
5 years	100	100	90	70	100	100	90	75	75
6 years onwards	100	100	90	90	100	100	90	90	75

Provided that the number of passages utilised by an employee for travel on international sectors shall be set off against a corresponding number of passages admissible for travel on domestic sectors and *vice versa*.

(ii) Under Regulation 11A(i) Employees retiring from the service of the Corporation in accordance with the provisions of Regulation 46 of the Air-India Employees' Service Regulations are allow-

ed, ordinarily by Economy Class, free/concessional passages at the following scales:

Category	Scale of concession	Period for which concession would be admissible
(a) Employees retiring on reaching the age of 58 years or 55 years, as the case may be, provided they have rendered continuous service for a minimum period of 20 years.	One free passage every year or two free passages every alternate year and not more than two 90% rebated passages every year.	Till the death of the retired employee.
(b) Employee retiring on reaching the age of 58 years or 55 years, as the case may be, provided they have rendered continuous service for a minimum of 25 years.	Two free passages every year and not more than two 90% rebated passages every year.	Till the death of the retired employee.
(c) Employees permitted by competent authority to retire voluntarily after completion of a continuous service of not less than 25 years.	One free passage every year or two passages every alternate year and not more than two 90% rebated passages every year.	Till the death of the retired employee.
(d) Air-Hostesses retiring after rendering continuous service for a minimum period of 10 years, but less than 15 years.	One free passage every year or two free passages every alternate year and one 75% rebated/passage every year or two 75% rebated passages every alternate year.	For a period not exceeding five years from the date of retirement or from April 1, 1974 whichever is later.
(e) Instructresses, Air-Hostesses/Lady Receptionists retiring after rendering continuous service for a minimum period of 15 years.	One free passage every year or two free passages every alternate year and one 75% rebated/passage every year or two 75% rebated passages every alternate year.	For a period not exceeding ten years from the date of retirement or from April 1, 1974 whichever is later.
(f) Employees retiring permanently due to medical unfitness provided that they have retired after rendering continuous service for a minimum period of 15 years.	Same as (e) (3)	Same as (e) (3)

APPENDIX IV

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

(1)	Reference to Paragraph No. in the Report	Summary of Conclusions| Recommendations
1	2.6	<p>The Committee desired, as a part of their review of the various aspects of the working of Public Undertakings, to examine the social and financial implications of perquisites enjoyed by the Executives of the Undertakings. In this connection they had called for relevant information through the Bureau of Public Enterprises. Their examination has been to a large extent frustrated because of the incompleteness of the information furnished which betrays an element of reluctance. It was not too much to expect of the Bureau of Public Enterprises, in the first instance, to inform the Public Undertakings, what in their view constituted "perquisites" and thereafter ensure submission of complete information by them. The Committee cannot therefore but take exception to the manner in which the questionnaire issued by them was handled by the Bureau. The Bureau owes it to the Committee to explain the lapse in this regard.</p>
2	2.7	<p>The Committee have attempted to formulate their views on the basis of whatever information that was placed before them. They find that as many as 28 Undertakings have stated that they have not incurred any expenditure on perquisites provided to their Chief Executives. This position in the opinion of the Committee is not quite easy to appreciate. It appears that these Undertakings do not have a</p>

(1)	(2)	(3)
		<p>clear concept of "perquisites" or they are deliberately evading. The Committee would therefore like to direct the Bureau to examine the various allowances and facilities provided by these Undertakings to their Chief Executives immediately and inform the Committee about the veracity of the statement made by them in this regard. This should be fully discussed in the Annual Reports of the Public Undertakings without fail.</p>
3	2.8	<p>The Committee are distressed to find that 76 Undertakings have not indicated clearly their expenditure on perquisites provided to their Chief Executives. The Committee cannot but consider it a deliberate act on the part of these public undertakings to withhold information from the Committee. The Committee wish to stress that expenditure on perquisites should be capable of being identified distinctly. The effort to suppress the information, whatever the reasons should be condemned and censured.</p>
4	2.9	<p>The Committee are disappointed that they could obtain the details of expenditure only from 69 out of 173 Undertakings. 25 of these Undertakings have incurred expenditure during the year 1976-77 in excess of Rs. 1000 per month per head in providing various perquisites for the Chief Executives, namely, Chairman-cum-Managing Director or Chairman and Managing Director. The Committee feel that it deserves to be closely examined whether expenditure of Rs. 1000/- per month on perquisites was warranted.</p>
5	2.10 & 2.11	<p>The expenditure relating to the Chairman of the Indian Oil Corporation Ltd. was as high as Rs. 39,372 for the year 1976-77. Similarly, the</p>

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expenditure on the Managing Director of the Hotel Corporation of India Ltd., and on the Chairman-cum-Managing Director of the India Tourism Development Corporation Ltd., was Rs. 31,494 and 34,200 respectively.

According to the guidelines on the salary structure for the Chief Executives laid down by the Cabinet Secretariat in October, 1965 as amended in October 1974, the maximum salary is Rs. 4,000. On this basis the perquisites allowed in some Undertakings are as high as 75 per cent. of the basic pay which is a clear violation of the guidelines issued by the Department of Company Law Administration. Benefits of this order in addition to the salary and allowances, passed on to the Chief Executive are by any standard, quite excessive and unfair.

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3.9

The Committee had reasons to believe that there was wide disparity both in respect of the scale of accommodation occupied and the rent paid by the Chief Executives for the accommodation owned or hired by the Undertakings as well as the house rent allowance paid to them when they made their own arrangements. They had therefore specifically called for the relevant details. From the information received they find that as many as 39 Undertakings have stated that they have not incurred any expenditure on rent. It is quite possible that these Undertakings have rigidly interpreted the relevant question of the Committee as being in the nature of eliciting information only on rent paid for the hiring of accommodation for occupation by the Chief Executives. The Committee would like to clarify that what was intended by them was the expenditure on provision of accommodation whether in the nature of the rent paid by them for the hire or house rent allowance paid to the Executives should be given. On this

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basis the position in respect of these Undertakings should be reviewed by the Bureau of Public Enterprises. The result of the review should be intimated to the Committee in the light of their subsequent observations.

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3.10

The Committee note that the Chief Executive of 3 Undertakings namely, Agricultural Refinance and Development Corporation, Bharat Electronics Ltd., and Hindustan Machines Tools Ltd., have occupied their own accommodation getting house rent allowance. Unfortunately the house rent allowance paid by the Undertakings has not been indicated perhaps deliberately in order not to enable the Committee to see whether the guidelines issued in this regard have been strictly adhered to. This should at least now be ensured by the Bureau of Public Enterprises who should in addition examine the basis for payment of house rent allowance in such cases. Here again the Bureau has been mechanically obtaining and passing on the information to the Committee without applying its mind, which is deplorable. The Committee would await their report in this regard.

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3.27

The Committee learn that the Chief Executives of 23 Undertakings mentioned in para 3.11 are in occupation of accommodation owned by the Undertakings. There is however no mention of the recovery of rent in respect of 13 of these Undertakings. The Committee would like to know whether in these cases the Chief Executives have been provided rent-free accommodation and if so why.

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The Committee further note that in the case of 5 undertakings mentioned in para 2.14, although it has been stated that rent is recovered as per rules, the rate of recovery has curiously not been disclosed. The Committee would like

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the Bureau of Public Enterprises to ensure that in these cases the recovery of rent has been as per the guidelines issued. In the case of Bharat Coking Coal Ltd., the recovery is stated to be made at the rate of 5 per cent. The Committee would like to know why the rate of recovery is so low in this case.

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3.29

Despite clear instructions issued by the Bureau of Public Enterprises in September, 1968 that "hiring of houses should not normally be resorted to and payment of house rent allowance as admissible under the rules of the Company should be the normal practice," as many as 100 undertakings have chosen to hire accommodation for their Chief Executives. In respect of 14 of these undertakings rent paid by them was in excess of Rs. 1,500 per month per accommodation although not all of them were at Bombay, Calcutta or Delhi. In view of such excessive expenditure on hiring accommodation, the Committee deprecate the practice of hiring accommodation indulged in by a majority of public undertakings.

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3.30

According to the instructions referred to in the preceding paragraph the ceiling for the monthly rental should be 10 per cent of pay plus house rent allowance admissible, in case it becomes inevitable to hire houses. This part of the instructions also have been violated with impunity by a number of undertakings in-as-much as the monthly rental has apparently exceeded the ceiling in the case of Air India, Bharat Heavy Electricals Ltd., Caltex Refining India Ltd., Central Fisheries Corporation Ltd., Handicrafts and Handloom Export Corporation of India Ltd., Hindustan Aeronautics Ltd., Hindustan Steel Works Construction Ltd., India Tourism Development Corporation Ltd., Indian Oil Corporation Ltd., Industrial Development Bank of India,

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Madras Fertilizers Ltd., Oil and Natural Gas Commission, Rehabilitation Industries Corporation Ltd., Richardson & Cruddas Ltd., Rural Electrification Corporation Ltd., State Trading Corporation of India Ltd., and SAIL (International) Ltd.

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3.31

Another aspect to which the Committee would like to draw attention is the indiscriminate allotment of accommodation owned or hired by the undertakings, far in excess of normal requirement. For instance, the Chief Executives occupy accommodation exceeding a plinth area of 3000 sq. ft. each in the case of 14 undertakings as indicated in paragraphs 3.16 and 3.22. Hence the explanation for inordinately high monthly rental for the accommodation hired can be found in needless excessive accommodation hired and it was not as if the market rate of rent was very high. The Committee are clear in their mind that if only the allotment of accommodation had been regulated within the limits already laid down in pursuance of the recommendations contained in their Eighth Report (Third Lok Sabha) and Nineteenth Report (Fourth Lok Sabha), the Undertakings would have been saved from unnecessary additional or avoidable expenditure. A comprehensive review of the position by the Bureau of Public Enterprises is therefore called for and on the basis of the results thereof, accommodation hired in excess of reasonable limits should be relinquished and smaller accommodation within the rental limit prescribed should be hired.

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3.32

The Committee are distressed to find that as many as 31 undertakings have not disclosed the plinth area occupied by the Chief Executives in respect of the accommodation either owned or hired by the Undertakings. This non-disclosure

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is reprehensible. An exercise of the kind indicated in the foregoing paragraph should also be undertaken by the Bureau in respect of these after obtaining complete details.

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4.5

The Committee are concerned to note that 11 undertakings mentioned in para 4.2 have incurred expenditure of Rs. 0.54 lakh, Rs. 0.55 lakh and Rs. 3.50 lakhs during the years 1974-75, 1975-76 and 1976-77 respectively. In the opinion of the Committee, there should not at all be any occasion for any wasteful expenditure on the part of Public Undertakings on the interior decoration of the residences of their Executives. What distresses them most is the escalation of the expenditure in this regard in the 11 undertakings during the year 1976-77. This was largely due to what appears to the Committee to be total unjustified expenditure of Rs. 2.58 lakhs by the Bharat Petroleum Corporation Ltd. alone. The Committee would like to know the details of the interior decoration and the need therefor. In future this should be totally stopped.

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5.11

As the meagre rates of recovery for the non-official use of car must have been fixed long back and since 1973 there has been enormous increase in the cost of petrol, oil and lubricants as also in the cost of cars these rates should be reviewed and enhanced suitably. Further, there cannot be any use of the care for non-official purposes without payment of market rates. In this connection, the Committee recall a recommendation in paragraph 2.102 of their 9th Report presented to Lok Sabha on 26-4-1978 which has been accepted by the Government. Accordingly, exclusive use of cars by the Executives of the Public Undertakings should be stopped instead, suitable conveyance allowance should be given wherever absolutely essential.

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16	6.3	<p>From the information made available, the Committee find that Air India spent Rs. 21.74 lakhs in 1974-75, Rs. 22.89 lakhs in 1975-76, Rs. 220.80 lakhs in 1976-77 and Rs. 24.90 lakhs in 1977-78 in providing perquisites to 66 of its executives drawing Rs. 2000 and above (This does not include perquisites enjoyed by about 2050 officers posted outside the country all of whom draw pay more than Rs. 2000 p.m.). The average annual value of perquisites per officer in India is of the order of Rs. 33,000 to Rs. 39,000 during the period under review. In other words, the value of perquisites enjoyed by each of the executives cost Air India as much as Rs. 3250 per month in 1977-78. This per capita expenditure on perquisites is a gross underestimate as it does not include free/concessional leave passage benefits for an officer and his family which again, strangely enough, is transferable, telephone facility, club membership expenditure etc. Even this is a fantastic amount indeed considering the low per capita income in the country in general and the perquisites available to other Public Sector Executives and Government servants of similar status in particular.</p>
17	6.4 & 6.5	<p>The Committee observe that the expenditure on perquisites enjoyed by a former Commercial Director (Shri N. H. Dastur), was of the order of Rs. 81,905 in 1975-76, Rs. 89,111 in 1976-77 and Rs. 91,796 in 1977-78. A former Managing Director (Shri K. K. Unni) outstripped him by spending as much as Rs. 88,772 in 1975-76, Rs. 92,817 in 1976-77 and Rs. 24,910 during a period of four months prior to his retirement in July, 1977. Among the present executives, the Managing Director (Shri K. K. Appusamy) and the Commercial Director (Shri L. D. Sethi) have each incurred an expenditure of over Rs. 72,000 during 1977-78.</p>

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The Committee have discussed the unedifying aspects of this spectacle in the concluding paragraphs of this Report.

18 6.10 The Committee find that the expenditure of Rs. 3.55 lakhs was incurred by 41 executives of Air India on personal entertainment in hotels/clubs/residence etc. in 1977-78. A former Commercial Director (Shri N. H. Dastur) tops the list with a total expenditure of Rs. 83,642 (Rs. 6,000 out of the fixed ceiling plus Rs. 77,642 through bills/vouchers) during 1977-78 which worked out to an astounding rate of Rs. 7000 per month approximately.

19 6.15 The Committee find that besides the Chairman, Air India, who has been allotted a big car and a chauffeur, 19 other executives have been provided small cars with whole time chauffeurs for their exclusive official/personal use and yet another 21 Division/Section heads are allowed 'incidental' personal use of small cars. The Chairman, Air India is allowed fuel up to 250 litres per month while other executives are allowed 160/200 litres. The rates of recovery for all these facilities are a ridiculously meagre Rs. 150 per month from the Chairman for the big chauffeur driven car provided to him, Rs. 100 per month from executives allotted small car with driver and Rs. 75 per month for small car without driver.

The Committee do not find any justification for as many as 41 executives of Air India being given the facility of car for their personal use. Considering the ever escalating fuel costs and also the high maintenance expenditure, the Committee are firmly of the view that the scale on which this facility has been provided to Air

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India executives needs to be severely curtailed with a view to effecting economy. The Committee do not appreciate why as many as 21 executives of Air India should be allowed 'incidental' personal use of small cars, which is only a cover for providing them this facility in an indirect manner, undoubtedly on an exclusive basis. The Committee are of the view that in all such cases, the executives concerned should only be allowed the usual conveyance allowance and cars placed at their disposal should be withdrawn forthwith.

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6.18

The Committee consider that payment of Rs. 225 per month to each executive for the expenditure on personal servants in as many as eight cases, is a relic of the past and has absolutely no justification in the present situation when Air India has ceased to be a private property but is a national undertaking. The Committee, therefore, require that the top executives of Air India who are already well paid, should be asked to fend for themselves and the facility withdrawn without any loss of time.

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6.20

The Committee see no reason why Air India should foot the electricity bills of its Executives for their domestic consumption. As such expenditure does not in any way subserve Air India's commercial interests, there seems to be no rationale behind the present practice. The Committee therefore require that this should be stopped forthwith.

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6.28—
6.30

The Committee find that an amount of Rs. 32,403 was spent in 1976-77 on the accommodation provided to the former Managing Director (Shri K. K. Unni). During the first four months of the year 1977-78 (prior to Shri Unni's

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retirement), an expenditure of Rs. 20,730 was incurred.

According to the guidelines issued by the Bureau of Public Enterprises, the total expenditure on rent should not exceed 40 per cent *of the emoluments of the officers stationed in Bombay. The Committee are distressed to learn that even after allowing a further margin of 5 per cent, the limit was exceeded in as many as 18 cases. Air India's liability on this account amounts to Rs. 1.13 lakhs per annum.

The Committee find that in as many as 9 cases, the net liability of the Corporation exceeds Rs. 20,000 per annum—in one case it is as high as Rs. 36,705 per annum, while in another case it is Rs. 32,400 per annum. The Committee fail to see why Air India should continue to incur an expenditure of Rs. 2000 to Rs. 3000 per month in providing accommodation to several of its executives in utter violation of the guidelines issued by Government. The Committee would like the matter to be reviewed at the highest level with a view to ensure that Air India do not continue to be saddled with such avoidable expenditure on lavish living by its executives. They require that the officers concerned should be asked to shift to less luxurious accommodation or else pay for the same. The action taken in the matter should be reported to them.

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The Committee are indeed amazed to note that furniture of the value of as much as Rs. 4.73 lakhs has been made available to 23 top executives of Air India, three of whom have furniture worth more than Rs. 50,000 at their residences (in one case, it is as high as Rs. 56,000). The

* (Vide para 3.8).

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recovery being only of the order of 2½ per cent of the emoluments counting for provident fund, it is clear that the officers concerned are enjoying this facility on a scale unmatched in the public sector, not to speak of the highest executives in Government of India.

The Committee cannot acquiesce in the continuance of this situation for any further length of time. The Committee are of the view that the recovery should not be less than 8 per cent of the original value of the furniture, if at all this facility has to be allowed. They require that the matter should be reviewed at the highest level in the Ministry and suitable guidelines laid down in this behalf.

24	6.41	The Committee desire that the full financial implications of the facility of free/concessional passages given to Air India employees should be worked out and shown in the Annual Reports for information of the public and the Parliament. Since the facility is available on a rather liberal scale, and is liable to be misused, as would be evident from the particulars of cases mentioned in Para 6.40 above, it is essential that Air India devise suitable inbuilt checks to ensure that it is not misused and economic, enforced as far as possible. The Committee would be interested to know how these officers and their families maintain themselves during their vacations abroad with the meagre foreign exchange allowed to them.
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25	6.44 & 6.45	The Committee observe from the above that Air India's total liability in respect of one individual alone was a staggeringly high figure of Rs. 1.69 lakhs during 1977-78. This figure does not include the expenditure on telephone, club
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membership fees etc., and the monetary value of free|concessional passages availed of by the Officer for himself and family.

The Committee desire that a special audit of the expenditure on entertainment incurred by the top executives of Air India during the years 1975-76 to 1978-79 should be carried out so as to ascertain the reasonableness and justification of such expenditure. The Committee would also like to be informed if any of these perquisites were taxable and if so, whether the necessary deductions were made.

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The above instance is illustrative of the fact that a few of the top executives of Air India (India based) have managed to appropriate the lion's share of the expenditure on perquisites which runs into as many as five digits. That a single individual should have the liberty to saddle Air India with a monthly expenditure of Rs. 14,120 or Rs. 470 per day is probably unsurpassed in the annals of public sector enterprises in India.

The figures given in the preceding paragraphs speak for themselves. The Committee would only like to say that true to their insignia many Air India executives have been living like Maharajas at the cost of the poor millions in the country. Even though privy purses have been abolished, these neo-princes are fattening themselves with Air India's money in complete disregard of the norms laid down by Government. How long such a situation should be allowed to continue is a matter which calls for serious thinking on the part of the Government.

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The Committee's examination of perquisites enjoyed by the Executives of Public Undertakings even on basis of scanty and evasive information received, has revealed that the effect is

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quite out of tune with the general standard of living of the country, which is quite low. There is also an unaccountable non-acceptance of restrictions already imposed. Although, there cannot be any rigid parity in this matter among the public undertakings and between the Public Undertakings, the Central Government Railways and the P&T, the Committee feel that the provision of perquisites should conform to a broad pattern. As they have indicated earlier in this Report, there should be firstly a clear definition of perquisites and a pattern laid down for regulating each of the items indicating how the monetary effect thereof should be computed in an acceptable manner and also ensuring that sum total of all should not be unduly high compared to the basic pay. Unless the perquisites are brought within reasonable limits immediately, the perpetuation of the existing position would have serious deleterious demonstration effect which will have wider social repercussions especially for low paid employees. There can be no ostentation at the expense of the Exchequer. Moreover the public undertakings have to set an example to the private sector and not follow their example. The Committee therefore recommend that a comprehensive review of the whole matter may immediately be undertaken by the Bureau of Public Enterprises, in the light of observations made in this Report and necessary guidelines issued. While doing so, the Committee wish to clarify that their observations contained in this Report should be applied *mutatis mutandis* to all the Executives of the public undertakings drawing basic pay of over Rs. 2000 per month. The result of the examination and the action taken on the basis thereof should be reported to this Committee within six months without fail and also shown in the Annual Report of each undertakings, the Bureau of Public Enterprises and each administrative Ministry concerned.