

# COMMITTEE ON PUBLIC UNDERTAKINGS

(1981-82)

(SEVENTH LOK SABHA)

## THIRTY-FOURTH REPORT

Action taken by Government on the recommendations contained in the Forty-ninth Report of the Committee on Public Undertakings (Sixth Lok Sabha)

ON

CENTRAL FISHERIES CORPORATION LTD.

MINISTRY OF AGRICULTURE  
(Department of Agriculture & Co-operation)

*Presented to Lok Sabha and*

*laid in Rajya Sabha on*



सत्यमेव जयते

LOK SABHA SECRETARIAT  
NEW DELHI

March, 1982/Phalguna, 1903 (Saka)

Price : Rs. 1.10

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA  
SECRETARIAT PUBLICATIONS**

**ANDHRA PRADESH**

1. Andhra University General Co-operative Stores Ltd., Waltair (Visakhapatnam).

**BIHAR**

2. M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).

**GUJARAT**

3. Vijay Stores, Station Road, Anand.

**MADHYA PRADESH**

4. Modern Book House, Shiv Vilas Palace, Indore City.

**MAHARASHTRA**

5. M/s. Sunderdas Gianchand, 601, Girgaum Road, near Princess Street, Bombay-2.
6. The International Book House Pvt., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.
7. The International Book Service, Deccan Gymkhana, Poona-4.
8. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
9. M/s. Usha Book Depot, 585/A, Ghira Bazar Khan House, Girgaum Road, Bombay-2.

10. M & J Services, Publishers, Representatives Accounts & Law Book Sellers, Bahri Road, Bombay-15.

11. Popular Book Depot, Dr. Bhadkamkar Road, Bombay-400001.

**MYSORE**

12. M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.

**UTTAR PRADESH**

13. Law Book Company, Sardar Patel Marg, Allahabad-1.
14. Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad—U.P.

**WEST BENGAL**

15. Granthaloka, 5/1, Ambica Mukherjee Road, Belgharia, 24-Parganas.
16. W. Newman & Company Ltd, 3, Old Court House Street, Calcutta.
17. Mrs. Manimala, Buys & Sells, 128, Bow Bazar Street, Calcutta-12.

**DELHI**

18. Jain Book Agency, Connaught Place, New Delhi.
19. M/s. Sat Narain & Sons, 314F, Mohd. Ali Bazar, Mori Gate, Delhi.

CORRIGENDA  
TO  
Thirty-fourth Report of the Committee  
on Public Undertakings (1981-82)

---

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
4	8	1-39/ Fy-	1-39/79- Fy-
4	7 from bottom	1-39/ Fy.	1-39/79- Fy
5	23	1-39/ Fy	1-39/79- Fy
8	20	received	receive
8		<u>add</u> above line 11 from bottom 'Reply of the Government'	
12	4( from bottom )	potentially	potentiality
13	1( from bottom )	<del>1981</del>	1982

## CONTENTS

	PAGES
COMPOSITION OF THE COMMITTEE . . . . .	(iii)
COMPOSITION OF SUB-COMMITTEE ON ACTION TAKEN . . . . .	(v)
INTRODUCTION . . . . .	(vii)
CHAPTER I Report . . . . .	1
CHAPTER II Recommendations that have been accepted by Government . . . . .	3
CHAPTER III Recommendations which the Committee do not desire to pursue in view of Government's replies. . . . .	12
CHAPTER IV Recommendations in respect of which replies of Government have not been accepted by the Committee . . . . .	14
CHAPTER V Recommendations in respect of which final replies of Government are still awaited . . . . .	15
APPENDIX Analysis of action taken by Government on the recommendations contained in Forty-ninth Report of the Committee on Public Undertakings (Sixth Lok Sabha). . . . .	16

COMMITTEE ON PUBLIC UNDERTAKINGS  
(1981-82)

CHAIRMAN

Shri Bansi Lal

MEMBERS

2. Shri Gulam Nabi Azad
3. Shri Niren Ghosh
4. Shri Harikesh Bahadur
5. Shri Arif Mohammad Khan\*
6. Shri S. M. Krishna
7. Shri B. K. Nair
8. Shri Rameshwar Neekhra
9. Shri Hiralal R. Parmar
10. Shri Darur Pullaiah
11. Shri Nagina Rai
12. Shri K. Ramamurthy
13. Shri Ravindra Varma
14. Shri Chandradeo Prasad Verma
15. Shri Phool Chand Verma
16. Shri Lal K. Advani
17. Shri Swami Dinesh Chandra
18. Shri Piare Lal Kureel *urf* Piare Lal Talib Unnavi
19. Shri R. R. Morarka
20. Shri R. Ramakrishnan
21. Shri Shrikant Verma
22. Shri Ramanand Yadav

SECRETARIAT

1. Shri H. G. Pranjpe—*Joint Secretary*
2. Shri T. R. Krishnamachari—*Chief Financial Committee Officer*
3. Shri S. C. Gupta—*Senior Financial Committee Officer.*

---

\*Ceased to be a Member consequent on his appointment as a Deputy Minister on 15th January, 1982.

**SUB-COMMITTEE ON ACTION TAKEN OF THE COMMITTEE ON  
PUBLIC UNDERTAKINGS  
(1981-82)**

1. **Shri Bansi Lal—*Chairman***
2. **Shri R. R. Morarka—*Convener***
3. **Shri Harikesh Bahadur**
4. **Shri B. K. Nair**
5. **Shri Darur Pullaiah**
6. **Shri Nagina Rai**
7. **Shri K. Ramamurthy**
8. **Shri Lal K. Advani**
9. **Shri Shrikant Verma**

## INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Thirty-fourth Report on Action Taken by Government on the recommendations contained in the 49th Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Central Fisheries Corporation Ltd.

2. The 49th Report of the Committee on Public Undertakings was presented to Lok Sabha on 26 April, 1979. Replies of Government to all the recommendations were received on 14 July, 1981. Final reply to one recommendation was received on 23 January, 1982. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 5th March, 1982. The Report was finally adopted by the Committee on Public Undertakings on 9 March, 1982.

3. Analysis of Action Taken by Government on recommendations contained in the 49th Report of Committee is given at Appendix.

NEW DELHI;  
March 11, 1982.  
Phalgun 20, 1903 (Saka)

BANSI LAL,  
Chairman,  
Committee on Public Undertakings.

## CHAPTER I

### REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Forty-ninth Report (Sixth Lok Sabha) of the Committee on Public Undertakings on Central Fisheries Corporation Ltd. which was presented to Lok Sabha on 26 April, 1979.

2. Action Taken notes have been received from Government in respect of all the 18 recommendations contained in the Report. These have been categorised as follows :—

- (i) Recommendations|Observations that have been accepted by Government :

Serial Nos : 1 to 9 and 11 to 16.

- (ii) Recommendations|Observations which the Committee do not desire to pursue in view of Government's replies :

Serial Nos : 10, 17 and 18.

3. Since it has been finally decided to wind up the Central Fisheries Corporation Ltd., the Committee do not find it necessary to deal with specifically the replies of the Government to the various observations|recommendations of the Committee. However, they feel compelled to make certain general comments as follows :—

4. Admittedly, the business of the company was completely mis-managed. There were also indications of various malpractices. As pointed out in paragraph 5.25 of the 49th Report (6th Lok Sabha), there were no records available to indicate the reasons for non-supply or poor supply of fish to the stalls of the company, while large-scale auction at lower rates had taken place. The records pertaining in daily issue of fish to retail stall, agents etc. pertaining to the year 1973-74 were reported to be in police custody. The Review Committee, 1976 had pointed out the scope for manipulation of the prices and substitution of sub-standard fish for standard fish by the salesman to earn illegal money. The Committee had called for a thorough probe to identify the culprits and launch prosecution against them vide paragraph 5.28 of the Report. As the reply of the Government does not suggest that any investigation of malpractices has been made, the Committee desire that the possibility of instituting such a probe and proceedings against the delinquent officials of the company under the law should be considered.

5. It seems clear that the control over the company by the Ministry was not properly exercised almost throughout the existence of the company. The Committee trust that the responsibility to have periodical per-



formance reviews and the power to give directions would be exercised in future in a manner that the Ministry gets meaningful control over the public undertakings under it.

6. The Central Fisheries Corporation Ltd. Employees Association in a memorandum dated 28 November 1981 placed before the Committee have inter-alia urged that all the staff of the company should be absorbed elsewhere by the Ministry on humanitarian ground and that a monitoring cell at the appropriate government level be set up to supervise the work of the absorption of the staff in other public sector undertakings/government departments. This plea deserves sympathetic consideration. The Committee trust that the government will take appropriate action in this regard.

## **CHAPTER II**

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

#### **Recommendation (Serial No. 1, Para Nos. 2.11 and 2.12)**

The Committee are distressed to note that the Central Fisheries Corporation totally failed to achieve its primary objective of selling fish to the consumers of Calcutta at a reasonable price. The volume of business handled was insignificant and its operation had virtually no impact on the market either in terms of price or quality of fish made available to the public.

A representative of the Ministry admitted in evidence that the Government were aware right from the beginning that the Corporation was not achieving the objective for which it was set up. It is therefore very unfortunate that no concrete steps were taken by the Government in consultation with the State Governments concerned to see that the Corporation got over the difficulties and constraints. If only this was done at the Government level and the management of the Corporation was closely watched controlling the overheads expenditure the Corporation would not have come to grief.

#### **Reply of the Government**

The recommendation has been noted. The Corporation had taken steps to procure lease rights in several reservoirs to augment the supply position. The Government had advanced a loan of Rs. 85 lakhs from 1969 to 1978 to the Corporation for introduction of mechanised boats, establishment of fish breeding-cum-seed farms, modernisation of transport fleet, reorganisation and remodelling of sub-depots and retail stalls etc.

The Minister for Agriculture had also requested (May 76) the State Ministers of Fisheries that fishing rights in inland reservoirs should be leased out to Central Fisheries Corporation. The State Governments were requested (September, 1976) to purchase pituitary glands and fish seeds from the Central Fisheries Corporation. Fishery Institutes under the Central Government were also advised (May 75) to sell their fish catches to the Central Fisheries Corporation. It can, therefore, be seen that the Government did take various steps in this direction, though the efforts made evoked only modest response from State Governments.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th July, 1981.]

#### **Recommendation (Serial No. 2, Para No. 2.13)**

The Committee are more than convinced that the basic causes of the Corporations failure are its utter mismanagement and nefarious activities of the Private Trade in collusion with authorities at various levels which went unchecked all these years.

### Reply of the Government

Although mismanagement may be one of the reasons for failure of the Corporation, however the Government are not aware of collusion of authorities with private trade. Neither the Review Committee of 1969 and of 1976, nor the CAG (Comptroller and Auditor General of India) Report of 1976 (Part II) mentioned any thing about such collusion.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/Fy, (Adm.) dated 14th July, 1981.]

### Recommendation (Sl. No. 3, Para Nos. 3.14 and 3.15)

The Committee note that Government decided to set up in February, 1969 a Review Committee to evaluate as to how far the Corporation had achieved the objectives envisaged by the Government at the time of its inception and whether it could function as a viable unit. To enable the Corporation to function as a viable organisation the Review Committee recommended long term lease of reservoirs by the State Governments, capital aid to fisherman cooperatives so that the CFC could get claim on their fish, and also marketing of marine fish from the catches of the Central Government exploratory vessels.

However, Government did not agree to diversify the activities of the Corporation as recommended by the Review Committee (1969) but made an unsuccessful attempt to transfer the Corporation to the West Bengal Government.

### Reply of the Government

The Review Committee of 1969 had made some recommendations which, in its opinion, could have made the Corporation viable after a few years. These recommendations were, accordingly, considered by the Government in 1969. The judgement of the Government was that the Corporation would not have become viable and any increase in its activities would have only augmented the losses. By that time the Government of West Bengal had already established their Fisheries Development Corporation. Attempts were made to persuade the Government of West Bengal to take over the CFC. But when the State Government expressed unwillingness, the Government also considered winding up of the Corporation in 1971. In the context of the policy which had been adopted by the Central Government in regard to stabilisation and revival of industries in the private sector in Calcutta, the closure of the Central Public sector undertakings was not considered opportune.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/Fy, (Adm.) dated 14th July, 1981.]

### Recommendation (Sl. No. 4, Para Nos. 3.16 and 3.17)

Another Review Committee was set up in 1976 to go comprehensively into the working of the Corporation. The Review Committee in its report submitted to Government in August, 1976 felt that since there was no possibility of the Corporation attaining any measures of viability it could be transferred to the Government of West Bengal for eventually being merged

with the State Fisheries Development Corporation. The State Government, however, once again having declined to take over the Corporation, it has been decided to be wound up.

The failure of the Corporation was due to continuous and worst type of mismanagement and various malpractices under the very nose of the Ministry. The Committee are, therefore, of the firm view that Ministry has to equally bear the blame. What the private fish trade wanted the Government and the Corporation to do, i.e., sabotaging the working of the Corporation, they readily obliged them and ultimately forced the closure.

### Reply of the Government

It is correct that the Review Committee of 1976 recommended that the Central Fisheries Corporation could be transferred to the Government of West Bengal for eventually being merged with the State Fisheries Development Corporation. The matter was taken up with the West Bengal Government but they did not agree to take over the Corporation. The Central Fisheries Corporation is a joint stock company, a public sector undertaking under this Ministry as distinct from a subordinate office. The Ministry, therefore, could not necessarily go into the matters relating to the day-to-day management of the Company. However, the Government appointed the Managing Directors of the Company from time to time as required under the rules.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/Fy, (Adm.) dated 14th July, 1981.]

### Recommendation (Sl. No. 5, Para No. 4.24)

The Fisheries Corporation was set up in 1965 with a view to augment the supply of fish to Calcutta from various sources within India and the then East Pakistan. It was envisaged that the procurement would be ultimately of the order of 40,000 tonnes per annum. However, there was no programme drawn up for procurement of fish from various sources from time to time. Although for the successful operation of an undertaking of this nature the cooperation of the State Governments and their related organisations was essential, no firm commitment appears to have been obtained from them at the Government level. Further, the basic assumption of procuring large quantity of fish from various areas now coming under Bangla Desh having been knocked out with the outbreak of Pakistani war of 1965, the scheme was not promptly reviewed. It was only in 1969 that a Review Committee was set up. Unfortunately even this Review Committee did not hold discussions with the State Governments on the future procurement possibilities of the Corporation. Despite this serious deficiency the Review Committee recommended steps to improve the existing pattern of procurement and measures to improve supply of fish and thereby the operation of the Corporation. However, as pointed out by the C & AG no action was taken on these recommendations, the implementation of which would have to some extent, ensured availability of fish. In this connection it is distressing to note that since 1966-67 the dilly-dallying of the Government on the future of the Corporation for reasons not difficult to understand, resulted in the Corporation virtually not taking up any developmental work although it had taken on lease a number of reservoirs. This gives rise to serious suspicion.

### Reply of the Government

The Government always extended assistance to the Central Fisheries Corporation whenever required to the extent possible, but it did not consider the Central Fisheries Corporation as a subordinate office. They also participated to a limited extent in leasing of fishery rights by the State Governments. The Corporation had also taken on lease some reservoirs for development of fisheries. But these were found unprofitable, and therefore, had to be surrendered prematurely. It is true that at the time of establishment of the Central Fisheries Corporation there was no fish import from East Pakistan. These were later resumed and increased after the emergence of Bangladesh. It began to dwindle from 1974 and finally stopped in 1976. It may, therefore, be seen that the Government had taken various measures for increasing fish procurement by the Corporation.

As regards securing the cooperation of the State Governments and their related organisations for obtaining firm commitments, it is admitted that prior to May, 1976 it appears that the matter was not taken up with the State Governments. However, the participating States had their directors on the Board of Central Fisheries Corporation and they were in the picture. In May, 1976, the matter was taken up with the State Governments, at the Minister's level. Regarding the reappraisal of the objectives of the Corporation after the outbreak of war with Pakistan in December, 1965 it may be submitted that the first review was conducted by the Review Committee set up in 1969.

The recommendation of the Review Committee of 1969 was considered by the Government and as indicated against paras 3.14 and 3.15 the Government did not accept the recommendations of the Review Committee.

Uncertainty about the future of the Corporation was also one of the factors responsible for the poor procurement of fish.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

#### Recommendation (Sl. No. 6, Para 4.25)

At the instance of the West Bengal Government an unwritten gentlemen's agreement was reached in 1975 between the aratdars and the Company under which 20 per cent of arrivals of fish at Calcutta was to be handed over to the Company for disposal through retail stalls. It is distressing to note that a meagre quantity of 241 tonnes and 191 tonnes was given to the Corporation up to 31st March, 1976 and during 1976-77.

### Reply of the Government

This is correct.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th July, 1981.]

#### Recommendation (Sl. No. 7, Para 4.26)

Viewed against the bungling at every stage as pointed out in the foregoing Paragraphs, it is not at all surprising that the annual procurement ranged

from 481 tonnes to 3086 tonnes except in 1974-75 when it was 5130 tonnes. The failure thus being so obvious it is not necessary for the Committee to make any further comments.

### Reply of the Government

Noted.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th July, 1981.]

### Recommendation (Sl. No. 8, Para No. 5.24)

-Ironically, the total quantity sold in Calcutta market during the 11 years of the functioning of the Corporation was a mere 13,872 tonnes against the contemplated marketing of 10,000 tonnes in the very first year of its existence. This is not all, as much as 2,456 tonnes supplies during the first 9 years (23 per cent of the total sales) was described as sub-standard which the Committee are unable to accept as truth. Distressingly, short realisation on this account was of the order of Rs. 63.11 lakhs. What is disturbing is that inquiries and explanations were not found by the auditors as to why the fish became sub-standard. The malpractice is not difficult to understand.

### Reply of the Government

A major portion of the supply of fish to Central Fisheries Corporation came from sources outside West Bengal. Fish which was sent from far off places to Calcutta sometimes got spoiled due to improper icing or unforeseen delay enroute and incipient spoilage owing to delay in icing after catching fish. The Corporation had tried to minimise the spoilage by ensuring adequate and proper icing and reducing transshipment time etc. Central Fisheries Corporation had also acquired cold storages not only on its own but also from the West Bengal Government. To reduce wastage due to fish becoming substandard the management of the Corporation constituted on 22/27-6-77 a Standing Committee for substandard fish. A code of practice for fish was also formulated in March 1977. Just after a few months from the date of the order for constituting the Standing Committee was issued, the commercial activities of the Corporation were suspended by an order of the Government of India dt. 3rd September 1977. In view of this the Standing Committee had very little scope to show its effectiveness during the short period of three months i.e., from June 1977 to September 1977.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

### Recommendation (Sl. No. 9, Para Nos. 5.25 and 5.26)

The total quantity of fish sold in auction during 9 years up to 1974-75 was 5,321 tonnes which included the so called sub-standard fish. The implications of sale in auction were that not only lower rate was available for sale but also after sale this quantity went into the hands of private traders who sold it at a high rate in the open market. Such large scale sales in auction are quite understandable because a number of retail stalls owned by the Corporation in Calcutta remained grossly under-utilised. Surprisingly, there were no records available to indicate the reasons for non-supply or

poor supplies to the stalls. The Committee also understand that very often unscrupulous private traders were allowed to buy fish from the stalls of the Corporation for sale at higher prices. It is no wonder therefore that the records pertaining to daily issue of fish to retail stalls agents etc., pertaining to year 1973-74 are reported to be in police custody.

It is interesting to note the observations of the Review Committee (1976) that the enormous latitude given to the selling staff for fixation and realisation of selling prices appears to have given a lot of scope to the salesmen to manipulate the prices and to substitute sub-standard fish or standard fish and thus earn illegal money.

### **Reply of the Government**

No. 5.25 :

No comments.

No. 5.26 :

The Management of the Corporation constituted on 22-27/6/1977 a Standing Committee for substandard fish. A code of practice for fresh fish was also formulated in March, 1977 and the same was adopted at a meeting of Fish Aratdars held on 28-3-1977 at the Head Office of the Corporation. The Corporation also circulated the code of practice to all the units of the Corporation on 26-3-1977 for adoption. This department did not received any complaint about collusion with private fish trade.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

### **Recommendation (Sl. No. 11, Para No. 5.28)**

The facts brought out above are an unmistakable indicator of the extent to which the Corporation was bristling with mal-practices and various manipulations which alone accounted for huge losses sustained by it. What is intriguing in this context is that none whatsoever occupying responsible position in the Corporation seems to have been proceeded against. Thus, far from countering the pernicious influence of private traders they were helped to thrive better. The Committee insist that a thorough probe should be instituted forthwith to identify the culprits and launch prosecution against them at the earliest. The CBDT should spot out the private traders through a special cell in order to realise their due share of taxes in addition to instituting Penal action.

The observations of the Committee have been conveyed to the Central Board of Direct Taxes in January, 1981. The Commissioner of Income-Tax, West Bengal is taking steps to get the cases of 20 top fish traders of Calcutta centralised for the purpose of proper investigation and scrutiny of their accounts on the lines suggested in the report of the Committee on Public Undertakings. In case of evidence being available about evasion as suspected by the Committee suitable action as provided in the law including resort to prosecution will be taken up by the Income tax authorities.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th July, 1981.]

**Recommendation (Sl. No. 12, Para No. 6.28)**

The cumulative losses over of Rs. 152 lakhs have wiped out the paid up capital of the Corporation (Rs. 100 lakhs). The Committee are convinced that even with the low level of turn over no loss would have been occasioned if only there was no serious mis-management or whole sale defrauding.

**Reply of the Government**

The losses of the Corporation were due to several factors such as small turn over, higher operational costs, lack of cooperation from the State Governments. Inefficient management may also be one of the factors contributing to the losses.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

**Recommendation (Sl. No. 13, Para 6.29)**

The Ministry cannot be absolved of the blame and responsibility, therefore has to be fixed. The organisation's staffing pattern was top heavy and wasteful expenditure was recklessly indulged in by the management. It is most distressing that when the Corporation was limping, its Chief Executive was enjoying the luxury of air-conditioned office accommodation to mention only one instance. The overhead expenses per tonne of fish handled rose from Rs. 659 in 1973-74 to Rs. 1630 in 1975-76 which was more than 50 per cent of the sales realisation. This certainly cannot be merely explained away by low level of procurement. Here again the Ministry seems to have remained a silent spectator which is deplorable.

**Reply of the Government**

As on 1-4-77, there were only 12 senior officers at the head-quarters of the company whose annual salary (Rs. 2,26,000) constituted approximately 7 per cent of the total wage bill of Rs. 31 lakhs per year. Overhead expenses were relatively high on account of lower turn over, under utilisation of assets like refrigerated (road) vans, freezing plant, cold storage etc. retention of uneconomic procurement centres and retention of a large retail sales net work despite low volume of business. The Ministry appointed the Managing Directors with varied backgrounds by following the prescribed procedure of making such appointments and provided financial assistance to the Corporation whenever necessary.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

**Recommendation (Sl. No. 14, Para 7.16)**

Lack of continuity in the top management posts of the Corporation which were also kept unfilled from time to time, was one of the most crucial factors which were responsible for the ruination of the Corporation. The Review Committee (1976) has pointed out that there were as many as 5 Managing Directors appointed in succession, each holding office for a period of approximately 2 years. For a period of more than 3 years there was no Chief Executive at all. Further the posts of Secretary and Accounts



Officer also remained vacant for a long time. Practically the entire staff of the Corporation comprised of either retired re-employed personnel or fresh recruits having no previous experience in fish trade or fisheries management.

### Reply of the Government

The statement that there were as many as five Managing Directors appointed in succession each holding office for a period of approximately two years is not correct. There was no full time Managing Director in the beginning. Only a part time Managing Director was looking after the Corporation in its early stages. The position of appointment of full time part time Managing Directors of the Corporation from its very inception is as follows:—

1. Shri G. N. Mitra, Fisheries Development Adviser to Government of India. Part time 29-9-1965 to 11-8-66.
2. Shri S. Ray, IAS, Full time from 12-8-66 to 20-8-69.
3. Shri M. K. Kar Gupta, IAS, Director of Fisheries, West Bengal. Part time from 21-8-69 to 21-8-72.
4. Shri M. K. Kar Gupta, IAS, Director of Fisheries, West Bengal. Full time from 22-8-72 to 14-1-1976.
5. Major General Bejoy Bhattacharjee, Full time, from 31-12-75 to 31-12-77 (Shri Kar Gupta and Major General Bhattacharjee were both full time Managing Directors from 31-12-75 to 14-1-76—Major General Bhattacharjee being under study Managing Director).
6. From 1-1-78 to 15-9-78, no Managing Director, in view of decision to wind up the Central Fisheries Corporation.
7. Shri H. M. Ray, Under Secretary (Fy) Part time from 16-9-78 to 31-3-79, (from 31-3-79 to 31-5-79 no formal Managing Director though Shri U. S. Pande was looking after the duties).
8. Shri U. S. Pande, Deputy Secretary (Fy), Part time, from 1-6-79 to 5-6-79.
9. Shri D. C. Biswas, Officer of Company Law service. Full time, from 8-6-79 onwards.

It is therefore not correct to say that there was no continuity in the top management and that each of the Managing Director had held office only approximately for two years.

Regarding the post of Secretary and Accounts Officer, as already stated, the Corporation could not attract talented personnel due to the fact that it had already established a reputation for unviability. The vacancy in the post of Secretary was advertised several times but in vain. The Assistant Secretary was, therefore, asked to look after the duties of Secretary from 1-8-77, in addition to his own duties. Since the post of Accounts Officer could also not be filled for similar reasons, Assistant Secretary was also managing the accounts work.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

### **Recommendation (Sl. No. 15, Para No. 7.17)**

In fact a former Managing Director of the Corporation who was a Major General admitted in his evidence before the Committee that he inducted a number of retired army personnel in the Corporation. Further owing to language barrier the staff are stated to have been unable to establish a rapport with the local fishermen or officials of the cooperative societies. All this undoubtedly had debilitating effect on the working of the Corporation. It is clear that there was no effective periodic appraisal of the working of the Corporation by the Government not to speak of taking prompt remedial measures. The Ministry of Agriculture therefore owe it to Committee to explain how such a situation was allowed to continue.

### **Reply of the Government**

Being an autonomous company, it was delegated power to recruit persons for various positions. It is true that some senior posts were filled up by retired army personnel at one time. The company had a number of regional units in almost all the States and by and large, the recruitment was made from the locality concerned.

The activities of the Corporation were appraised by two Review Committees set up in 1969 and 1976.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy (Adm.) dated 14th July, 1981.]

### **Recommendation (Sl. No. 16, Para No. 8.16)**

The Committee's examination of the Central Fisheries Corporation in context of the contemplated winding up of the Corporation was mainly devoted to find out whether there was anything conceptually wrong with the scheme of its setting up or the circumstances that have led to the decision to wind it up was as a result of something else. The Committee's findings and conclusions contained in this Report would convince anybody that the organisation has been brought to this pass on account of utter mismanagement and rank corrupt and fraudulent practices that went unchecked all these years. Unfortunately, despite repeated requestes from the Committee Government seems to proceed with the winding up of the Corporation instead of investigating the affairs of the Corporation and taking immediate remedial measures to put it on sound footing for once.

### **Reply of the Government**

The decision to wind up the Corporation was taken by the then Government after consideration of all aspects. The requests of the Committee to stay that decision taken by the Cabinet were carefully considered at the highest level. In his letter No. 2009-PMO/78, dated 19-9-78 the then Prime Minister had informed the Chairman of the COPU that it would not be appropriate to stay the decision.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th July, 1981.]

## CHAPTER III

### RECOMMENDATION'S WHICH THE COMMITTEES DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

#### **Recommendation (Sl. No. 10, Para 5.27)**

On ceremonial occasions the Corporation procurement staff at outstations in collusion with other authorities instead of making available fish to the Corporation for sale at reasonable price connivingly passed on the bulk of fish to private trade who fleeced the poor people by charging exorbitant prices.

#### **Reply of the Government**

The Government have not received complaints regarding collusion between procurement staff and trade resulting in passing bulk of fish to private trade. In fact in the Report of CAG it is observed that on ceremonial occasions the company sold fish directly to consumers in bulk quantities from its central depot as well as sub-depots. In 1973-74 and 1974-75 the sale on ceremonial occasions was of the order of 182 tonnes and 193 tonnes as against total annual sales of 656 and 510 tonnes respectively.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 14th May, 1981.]

#### **Recommendation (Sl. No. 17, Para 8.17)**

If only the Cabinet was made fully aware of the circumstances in which the Corporation was ruined, the Committee are positive that they would not have taken a decision to wind up and instead preventive as well as curative steps would have been taken. It is, therefore, abundantly clear that because of the utter failure and corrupt practices for which Ministry was equally responsible, the correct picture was not depicted in order not to get exposed. The Committee has yet to come across an instance such as this where a Public Sector Undertaking, under the very nose of the Ministry, went on plundering the national asset and in the process brought ruin on itself and enriched the private fish mongers.

#### **Reply of the Government**

All facts were fully brought to the notice of the then Cabinet as would appear from the Note which was submitted to the Cabinet in May, 1978.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79 Fy (Adm.) dated 14th July, 1981.]

#### **Recommendation (Sl. No. 18, Para 8.18)**

Considering the potentially of fish production in the country as well as the fact that fish is the staple food for millions of our people who suffer from malnutrition a scheme of this kind even if it was initially conceived to benefit one city ought not to be terminated under any circumstances. The

decision of government unless reversed will mean that the consumers, particularly belonging to the weaker sections of society will pay for misdeeds of those who are in authority. As it is our intake of protein is the lowest in the world. With the rise in export of fish it is becoming a very rare commodity and already it is quite outside the reach of a common man. Under the circumstances, the Committee earnestly urge that the Corporation which has gone out of business from September, 1977 should be immediately revived in consultation with particularly the State Government of West Bengal. The Committee would further suggest that the Corporation's activities could be expanded to cover marketing in a wider area of the country.

### **Reply of the Government**

The matter was brought before the Cabinet at its meeting held on 16-7-80 for taking a decision on the action to be taken about the continuation or otherwise of the Corporation especially in view of the recommendations made by Committee on Public Undertakings. The Cabinet decided to postpone consideration of the matter to enable the Minister of Agriculture to examine whether the Corporation can be reactivated. After this examination, the matter was brought before the Cabinet again on 12-10-81 and it has been finally decided to wind up the Central Fisheries Corporation Limited.

[Ministry of Agriculture, Department of Agriculture and Cooperation  
O.M. No. 1-39/79-Fy.(Adm.) dated 23rd January, 1981.]

**CHAPTER IV**

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

**NIL**

## CHAPTER V

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

NIL

NEW DELHI;  
March 11, 1982  
*Phalguna 20, 1903 (Saka)*

BANSI LAL,  
Chairman,  
*Committee of Public Undertakings.*

## APPENDIX

(Vide para 3 of the Introduction)

Analysis of the action taken by Government on recommendations contained in the 49th Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Central Fisheries Corporation Ltd.

I. Total number of recommendations . . . . .	18
II. Recommendations that have been accepted by the Government ( <i>vide</i> recommendations at S. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 11, 12, 13, 14, 15, 16) . . . . .	15
Percentage to total . . . . .	83.33%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply ( <i>vide</i> recommendation at S. Nos. 10, 17, 18) . . . . .	3
Percentage to total . . . . .	16.67%
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee . . . . .	Nil
Percentage to total . . . . .	Nil
V. Recommendation in respect of which final replies of Government are still awaited . . . . .	Nil
Percentage to total . . . . .	Nil