

# **ESTIMATES COMMITTEE (1969-70)**

(FOURTH LOK SABHA)

**HUNDRED AND TWELFTH REPORT**

**MINISTRY OF FOREIGN TRADE**

Action taken by Government on the recommendations contained in the Eighty-seventh Report of the Estimates Committee (Fourth Lok Sabha) on the Ministry of Foreign Trade and Supply—Import of Wool, Nylon, Woollen yarn and other Woollen products for the Woollen Textile Industry and its allocation to various units since October, 1962.



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NEW DELHI**

March, 1970/Phalguna, 1891 (Saka)

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## CORRIGENDA

TO

Hundred and twelfth Report of the  
Estimates Committee (4th Lok Sabha)

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- Page 2, line 15, for 'Commision's'  
read 'Commissioner's'
- Page 4, line 29, for 'regours'  
read 'rigours'
- Page 5, line 33, for 'mak'  
read 'make'
- Page 6, line 20, for 'STC'se'  
read 'STC's'
- Page 11, line 3, for 'Uunder'  
read 'Under'
- Page 12, line 18, for 'surpirise'  
read 'surprise'
- Page 13, line 23, for '4.110 to  
3.117' read '3.110 to 3.116'
- Page 18, line 12 from below, for  
'3.134' read '3.184'
- Page 20, line 3, for 'marine'  
read 'marino'
- Page 26, line 3 from below, for  
'con-consuming' read  
'consuming'
- Page 33, line 3 from below, for  
'CPI' read 'CBI'
- Page 37, line 10 from below, for  
'ascept' read 'aspect'

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(1969-70)

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Shri T. N. Dhar—*Under Secretary.*

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\*Elected w.e.f. 22-12-1969 vice Shri G. G. Swell resigned.

**STUDY GROUP 'D' OF THE ESTIMATES COMMITTEE**

**(1969-70)**

**CONVENER**

**Shri Nugehalli Shivappa**

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13. **Shri S. Supakar**
14. **Shri K. N. Tewari**

## INTRODUCTION

1. The Chairman of the Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Hundred and Twelfth Report on action taken by Government on the recommendations contained in the Eighty-seventh Report of the Estimates Committee (Fourth Lok Sabha) on the Ministry of Foreign Trade and Supply.—Import of Wool, Nylon, Woollen yarn and other Woollen products for the Woollen Textile Industry and its allocation to various units since October, 1962.

2. The Eighty-seventh Report of the Estimates Committee was presented to the Lok Sabha on the 29th April, 1969. Government furnished replies indicating action taken on the recommendations contained in the Report on the 7th November, 1969 and 6th December, 1969. The Ministry of Foreign Trade who were asked on the 5th January, 1970 to finalise their decisions on some of the recommendations by the 24th January, 1970, furnished the information on the 22nd and 24th January, 1970.

3. The replies to recommendations and further information were considered by Study Group 'D' of Estimates Committee at their sitting held on the 30th January, 1970. The draft report was adopted by the Committee on the 20th February, 1970.

4. The Report has been divided into the following Chapters :—

I. Report.

II. Recommendations that have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's reply.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the action taken by Government on the recommendations contained in the Eighty-seventh Report of the Estimates Committee (Fourth Lok Sabha) is given in Appendix IX. It would be observed therefrom that out of 68 recommendations made in the Eighty-seventh Report 46 recommendations *i.e.* 67.7 per cent have been accepted by Government. The Committee do not desire to pursue 16 recommendations *i.e.* 23.5 per cent in view of Government's reply. The final reply of Government in respect of 6 recommendations *i.e.* 8.8 per cent is still awaited.

M. THIRUMALA RAO,

*Chairman,*

*Estimates Committee*

NEW DELHI;

February 26, 1970

*Phalguna 7, 1891 (Saka)*

## CHAPTER I

### REPORT

The Eighty-seventh Report of the Estimates Committee (Fourth Lok Sabha) on the Ministry of Foreign Trade and Supply—Import of Wool, Nylon, Woollen yarn and other Woollen products for the Woollen Textile Industry and its allocation to various units since October, 1962, was presented to the Lok Sabha on the 29th April, 1969. While furnishing replies indicating action taken on the 47 recommendations (out of a total of 68 recommendations contained in the Report) the Government made a request, on the 7th November, 1969, for an extension of time of one month for furnishing action taken statements on the outstanding recommendations, which was agreed to. Replies indicating action taken on the remaining 21 recommendations were furnished by Government on the 6th December, 1969 which included only interim replies in respect of 12 recommendations. The Government who were asked to finalise their decisions on these 12 recommendations also by the 24th January, 1970 furnished final replies in respect of 6 recommendations by the said date. The final replies in respect of the remaining 6 recommendations are still awaited and these recommendations have been included in Chapter V of this Report. The Committee hope that these recommendations also will be pursued vigorously and the final action taken thereon will be furnished to the Committee at an early date.

The Committee also hope that the further action taken by Government on some of the recommendations included in Chapter II will be intimated to the Committee as early as possible.



## **CHAPTER II**

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

#### **Recommendation (Serial No. 2) Para No. 2.44**

From the papers and documents submitted to them, the Committee feel perturbed to note the unauthorised acquisition and installation of a large number of looms without the permission of Government and in contravention of the existing orders, regulations and provisions of Acts etc. The Committee need hardly emphasise that if this tendency to set up unauthorised looms has to be curbed, the machinery for the detection of unauthorised power looms has to be geared up and deterrent action has to be taken against such unauthorised units. As stated by the Committee with regard to unauthorised spindles, it will facilitate quicker detection of unauthorised powerlooms if there is complete co-ordination between the Excise Department and the Textile Commission's Organisation.

#### **Reply of Government**

The observations of the Committee are noted.

2. So far as installation of power looms is concerned, the Central Excise Rules, 1944, provide that an applicant for the grant of L-4 licence should hold a written permission of the Textile Commissioner for installation of such powerlooms.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

#### **Recommendation (Serial No. 3) Para No. 2.45**

In regard to the growth of looms, the Committee feel disturbed about the fact that delayed action or inaction by Government in many cases has resulted, as admitted by the representative of the Ministry of Commerce in evidence, in encouraging people to "nibble at controls." The Committee have no doubt that Government are themselves to blame for this state of affairs as they failed to take a comprehensive view of the unauthorised installation and acquisition of a large number of loom at the initial stages and thus acquiesced in allowing the situation to deteriorate to such an extent.

#### **Reply of Government**

The observations made by the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

#### **Recommendation (Serial No. 4) Para No. 2.46**

The Committee find that unauthorised looms in large numbers were set up year after year; these were regularised by the issue of Press Notes inviting applications for registration in 1960 and although at that time it was conditional that they would not be entitled to quota to which the old looms set up upto 1956 were entitled, by the latest decision taken in May, 1968 they

have been brought on par with other looms which had been set up in obedience to existing rules and orders of the Government. Not only that, as a result of this decision, unauthorised looms have benefited in the sense that the quota of raw material which was available to the authorised looms will now be distributed amongst all the looms, both authorised and unauthorised. The Committee apprehend that in the ultimate analysis it will be the consumers who will have to suffer as the over-head expenses in production are likely to go up owing to shortage of raw material available each mill. This, in their opinion, is putting a premium on irregular and illegal activities by the concerned authorities.

### **Reply of Government**

The observations of the Committee are noted. It is, however, added that the decision taken in May 1968 that looms which had been regularised in 1961 should also be given quota of imported raw materials was based on the consideration that these regularised looms had been denied such imported raw materials for a very long time. By giving quota to them it was also felt that the possibility of these regularised looms resorting to unauthorised purchases of imported raw material in the market would be eliminated.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

### **Recommendation (Serial No. 7) Para No. 2.64**

The Committee note the position as explained by the Ministry of Commerce regarding recognition of the spindles installed in the State of Jammu and Kashmir before October, 1967. The Committee suggest that as promised by the representative of the Ministry, a detailed investigation should be made without delay into the factual question whether the spindles and looms that have come into existence in Jammu and Kashmir, where Government of India's regulations and control were not applicable before, are ghost spindles and ghost looms. Based on the investigation, the Government should come to a decision whether the units are actually entitled to the allocation of raw material.

### **Reply of Government**

The worsted spindles and woollen power looms installed in the State of Jammu & Kashmir prior to the promulgation of the relevant control orders have since been verified by the Textile Commissioner, and where the installation was found to be in order, the spindles and looms have been included by him in his records as eligible for allocation of raw materials in accordance with the All-India pattern.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

### **Recommendation (Serial No. 8) Para No. 2.65**

The Committee suggest that the question of automatic applicability of the Woollen Textiles (Production and Distribution) Order, 1962 and other Orders issued under the Essential Commodities Act to the State of Jammu and Kashmir should be examined in consultation with the Ministry of Law so that there is no loophole in the extension and enforcement of these Orders in that State.

### **Reply of Government**

An extract of a note recorded by the Ministry of Law while scrutinising the draft amendments prepared by this Department to certain Control Orders under the Essential Commodities Act is reproduced below :—

“The Central Laws (Extension to Jammu and Kashmir) Act, 1968 (25 of 1968), came into force on the 15th August, 1968, and with effect from that date under Section 2 of that Act the Acts mentioned in the Schedule to the Act and all rules, orders and regulations made thereunder came into force in the State. The amendment proposed in the drafts to the various control orders are consequential. These amendments may take effect from the 15th August, 1968, the date when the Central Laws (Extension to Jammu and Kashmir) Act, 1968, was brought into force.”

From this it will be seen that the control orders issued under the Essential Commodities Act are automatically applicable to the State of Jammu & Kashmir with effect from the 15th August, 1968 and that amendments to those orders for this purpose are only of a consequential nature. Some of the orders have already been amended while action for the amendment of others is in hand.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text(E), dt. 7-11-69]

#### **Recommendation (Serial No. 9) Para No. 2.78**

In connection with the prices of yarn charged by the spinners, the Committee note that the yarn manufactured out of wool imported against Export Promotion licences was not subject to price control. Therefore price control was applicable only in respect of yarn supplied against the permits on AU licences. It could not therefore be established whether the higher price charged was in respect of yarn which was not subject to price control. The Committee have a feeling that this defect has facilitated the defaulting spinners to indulge in malpractices and to escape the rigours of law. They regret that such a situation should have been allowed to arise.

### **Reply of Government**

The observation made by the Committee is noted. At present, however, there is no price control over woollen yarn.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text(E), dt. 7-11-69]

#### **Recommendation (Serial No. 10) Para No. 2.79**

In view of the fact that under the new policy price controls have been removed, the Committee would like the Government to keep a careful watch to see how the new policy is working.

### **Reply of Government**

Government accept the recommendation of the Committee. Necessary instructions have been issued to the Textile Commissioner to keep a careful watch over the movement of prices.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text(E), dt. 7-11-69]

**Recommendation (Serial No. 12) Para No. 2.92**

The Committee are glad to note that a clause was introduced in the import licences for 1966-67 that if a party failed to deliver the yarn made out of wool in the manner ordered by the Textile Commissioner, a suitable cut could be made in the future import licences. They would, however, like to point out that whenever the opinion of the Law Ministry is sought on any matter, particularly those relating to interpretation, contravention of provisions which involve prosecution or imposition of penalty/liquidated damages or recovery of dues to Government, there should be a complete formal reference by the Ministry/Department concerned and written advice should be furnished by the Ministry of Law to avoid any ambiguity.

**Reply of Government**

Government accept the recommendation of the Committee. A copy of this Department's Office Memorandum No. 13(1)(12)/69-*Tex*(E), dated the 13th August, 1969, issued to all Ministries/Departments of Government of India etc. in this connection is attached (Appendix I).

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

**Recommendation (Serial No. 13) Para No. 2.105**

The Committee are unhappy to note that "the scheme of distribution (of yarn) which was somewhat attempted to be enforced between 1962 and 1965 completely broke down after 1965" in spite of the best efforts as stated by the representative of the Ministry. The Committee further note that in 1967 when the Ministry of Commerce came to the conclusion that "it was not possible to work such a scheme", a new system, a new policy was thought of. Since the new policy has been stated to be of an experimental nature, the Committee would like the Government to keep a careful watch as to how the new scheme functions and to what extent it is able to achieve the desired results.

**Reply of Government**

Government agree with the Committee that there should be a periodical review of the working of the new scheme in order to assess whether the basic objectives of the scheme have been achieved. To this end the Textile Commissioner has been asked to make a survey of the working of the scheme so far, with particular reference to the extent to which the objectives have been achieved. Any remedial steps that may be considered necessary will be taken after the review has been conducted by the Textile Commissioner.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

**Recommendation (Serial No. 14) Para No. 2.108**

As all imports of wool are now being done through the State Trading Corporation, the Committee hope that the State Trading Corporation and the Ministry of Finance will devise a suitable method to ensure timely release of foreign exchange for import of wool so that it is possible to purchase wool in the International markets in time and at the lowest possible prices.

**Reply of Government**

The question of timely release of foreign exchange for import of wool has been examined in consultation with the STC and the Ministry of Finance

(Department of Economic Affairs). The Department of Economic Affairs have agreed that having due regard to the foreign exchange situation from time to time they will make all possible efforts to indicate the annual allocation of foreign exchange for import of wool by August each year. It has also been decided that the foreign exchange for import of wool (indicated by the Department of Economic Affairs) will be allocated by this Ministry to the various sectors on an annual basis instead of on a half-yearly basis as heretofore.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TEX(E), dt. 7-11-69]

### **Recommendation (Serial No. 15) Para No. 2.112**

The Committee trust the State Trading Corporation will ensure that the imported wool is allocated to various units without any delay. They further suggest that the Ministry may examine how far it is possible for the State Trading Corporation to undertake the core tests with the existing machinery before they are distributed to the mills so that claims against the foreign suppliers, if any, could be made in time.

### **Reply of Government**

The purchases of wool made by the State Trading Corporation are based on the terms and conditions stipulated by the International Wool Testing Organisation. The STC's purchases are mainly either on 'fully-guaranteed yield' or 'core-test' basis. The performances of fully-guaranteed yield and core-test are reported by the State Trading Corporation to be quite satisfactory. Whenever claims are lodged by the State Trading Corporation with the foreign suppliers the latter have readily agreed to compensate the yield in the form of foreign exchange or in the form of raw material.

2. The International Wool Trading Organisation's terms and conditions stipulate as follows :—

"Results to be declared within one month of treatment. Combing or scouring or carbonising results of yields to be sent to seller within seven months of arrival of wool at port of destination. If, for exceptional reasons a result cannot be sent within seven months of arrival of wool at port of destination, the buyer should approach the seller for a reasonable extension."

The wools imported by the STC are being processed within the time limit stipulated by the International Wool Testing Organisation, and the STC has not faced any difficulty in settling the claims with the foreign suppliers.

3. The STC purchase and distribute wool with the advice of the Industry against the allocation made by the Textile Commissioner. The type and delivery is approved by the Industry before a contract is entered into with the foreign suppliers and the entire purchases automatically go to the members of the respective association. The shipment and clearance are taking place in time, but the STC have stated that there is some delay in getting the tops and noils to the actual users due to shortage of combing space in India, particularly in the French system. Moreover, the Industry prefers to have the material combed in Calcutta rather than send it elsewhere. The STC have already taken appropriate action to divert certain quantity to other combers to expedite the matter. If other combers come up to the standards of Wool Combers of India, the delay in processing may be cur-

tailed and the Industry will get the benefit of receipt of tops and noils without much difficulty.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

**Recommendation (Serial No. 16) Para No. 2.115**

The Committee hope that Government would review the position periodically and take suitable measures with regard to fixation of percentage of the face value of the import licences for wool that could be utilised for import of synthetic fibres.

**Reply of Government**

Government accept the recommendation of the Committee. Necessary instructions have been issued to the Textile Commissioner.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

**Recommendation (Serial No. 17) Para No. 2.120**

The Committee trust the Textile Commissioner will be prompt in initiating action in regard to spinning charges for woollen yarn in future, where circumstances so warrant.

**Reply of Government**

Government accept the recommendation of the Committee. Necessary instructions have been issued to the Textile Commissioner.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69]

**Recommendation (Serial No. 18) Para No. 2.128**

The Estimates Committee would like Government to conclude their examination of the recommendations made by the Committee which has been set up recently to go into the question of distribution or allocation of raw materials to the units in the hand-knitting wool processing sector and come to an early decision in the matter.

**Reply of Government**

The Committee set up in June, 1968, to go into the question of distribution of raw materials to the units in the hand knitting wool processing sector only suggested the following minor changes in the pattern of allocation of raw materials to that sector :—

- (1) The option of choosing a single best year out of the 3 years in the basic period, viz. April, 1957—March, 1960, admissible to organised sector should also be given to processors in the decentralised sector and
- (2) the mills in the organised sector should be allowed to opt for the basic years 1957-60 as applicable to the decentralised sector in which case their entitlements should not be subjected to 10 per cent cut in force at present.

The Committee also suggested that :—

- (a) The Directors of Industries of the concerned States should be kept informed of the quota allocation to units in the decen-

- tralised sector and they should keep a close watch on such units with a view to taking action against those not utilising or mis-utilising their quotas;
- (b) the Textile Commissioner should also conduct periodical checks on the performance of the organised mills for ensuring proper utilisation of raw wool allotted to them; and
  - (c) the decentralised units in various places should form one or more bodies for getting woollen allocations and pool them for getting them processed economical in common service centres.

Certain recommendations in regard to the allocations of raw wool to processors of grey hand knitting yarn were also made by the Shah Study Team which examined the working of the Textile Commissioner's organisation and the policies followed by it, some time ago. The matter was considered by an Empowered Committee constituted to take decisions on the report of the Shah Study Team. The Empowered Committee decided in favour of maintaining the *status quo* in regard to the allocation procedure. As regards the recommendation regarding bulking of allocations and bringing the Directors of Industries in the States into the picture, these have been accepted. In fact, the State Trading Corporation has already given effect to the bulking arrangement. Allotments made for raw wool to the processors of grey hand knitting yarn are bulked and, after import, supplies are made to the processors through their associations.

2. The Shah Study Team had also recommended that maximum and minimum quotas for processors of grey hand knitting yarn should be fixed. This suggestion was not accepted by the Empowered Committee who were of the view that the maximum and minimum quotas were not necessary, as no subsistence minimum was necessary in this sector, since the processors did not have this as their only activity and there was no large capital investment involved.

3. The above decisions of the Empowered Committee have since been notified by the Government through a Resolution published in the Gazette of India.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

### **Recommendation (Serial No. 19) Para No. 2.130**

The Committee note the steps taken by Government to remove the wide disparities between the minimum and maximum entitlements of yarn to hosiery units and hope that Government will pursue similar measures in the interest of equity if such disparities exist in other sectors of the woollen industry. They also hope that the industry, on their part, would also extend their full co-operation in bringing about such changes.

### **Reply of Government**

The observations of the Committee have been noted. In the new policy which was introduced in November 1967, the spinning and weaving sectors are getting allocations on a per-spindle/per-loom basis. There is therefore not much scope for disparities as in the case of allocations based on past consumption.

The position regarding hand-knitting sector is set out in the reply to Recommendation No. 18.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

#### **Recommendation (Serial No. 20) Para No. 3.15**

The Committee wish to express their unhappiness over the fact that the Ministry of Defence could not locate the original papers for some time in the initial stages. The Committee cannot over-emphasise the need for the Ministries to act with promptitude while dealing with references from Parliamentary Committees.

#### **Reply of Government**

The Ministry of Defence have already explained the position with reference to this Recommendation, vide foot-note on pages 51 to 53 of the Committee's Report. The observations of the Committee have, however, been noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

#### **Recommendation (Serial No. 21) Para No. 3.18**

The Committee note that although there were some reduction in the Defence requirements of woollen materials, which came to the knowledge of the Ministry of Commerce and Industry in December, 1962, it was proposed to continue to work on the basis of the original estimates of requirements as a measure of abundant caution so that it would be easier to step up capacity at any time. It was considered that it would be better to err on the side of safety. Again on 2nd February, 1963 it was brought out by the Ministry of Commerce in a note that the Ministry of Commerce was going ahead on the basis of the original estimates given by Defence Ministry even though the requirements were not actually covered by firm indents.

The Committee are unable to appreciate why, when a decision was taken to continue to work on the basis of the original estimates, despite the reduction in the defence requirements, a review was not undertaken in the shortest possible time with a view to assess the possibilities of scaling down the imports to be actually made.

#### **Reply of Government**

The observations of the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

#### **Recommendation (Serial No. 22) Para No. 3.19**

The Committee regret to note that although the representatives of the industry who had been generally meeting the Defence requirements in the past were invited to attend a meeting in the D.G.S. & D. on 5th November, 1962, it was not clear from the file when the invitations were issued or how. The Committee would like that Ministries and Departments of the Government of India should take care to keep the records complete and retain them properly especially in important cases so that if at a future



date these are required for purposes of investigation or otherwise, these can be readily available.

### **Reply of Government**

Government accept the recommendation of the Committee. A copy of this Department's Office Memorandum No. 13(1)(22)/69-Tex.(E), dated the 13th August, 1969, issued to all the Ministries/Departments of Government of India etc. in this connection is attached. (Appendix II).

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 23) Para Nos. 3.32 and 3.33**

The Committee find that no detailed notes or reasons were recorded in the Central Vigilance Commission while tendering the advice that no action was called for on the recommendations of the Central Bureau of Investigation for a regular departmental action against the concerned officer for alleged negligence in working out requirement of wool to be imported for defence needs, which resulted in loss of foreign exchange.

The Committee hope that while examining the fresh reference made by the Central Bureau of Investigation to the Central Vigilance Commission for reconsideration of their earlier decision, the Central Vigilance Commission will record detailed reasons for their final opinion in the matter, as stated by the present Central Vigilance Commissioner.

### **Reply of Government**

The Central Vigilance Commission have already informed the Committee that after recording details reasons the Commission have finally advised that there did not appear to be sufficient material for taking departmental action against the officer concerned, vide foot-note on page 71 of the Committee's Report.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 26) Para No. 3.44**

The Committee desire that the Ministry should devise ways and means in consultation with customs and other connected authorities to ensure that a proper check is exercised on the utilisation of import licences.

### **Reply of Government**

There are three aspects in regard to the utilisation of import licences, which need to be checked up. These are :—

- (i) to find the extent to which an import licence has been utilised;
- (ii) to find out whether the licence has been properly utilised, i.e., whether the imports are in conformity with the licence; and
- (iii) to find out whether the goods imported against a licence have been utilised for the purpose for which the import was allowed and in accordance with the conditions applicable to the licence.

2. Regarding (i) above, there is already a provision in paragraph 24 of the Import Trade Control Hand Book of Rules & Procedure, 1969, for registration of licences with the Customs authorities. Under this provision, every import licence has got to be registered with a particular Customs port. In every import application, the applicant has, therefore, to indicate the Customs port at which he intends to register his licence. The Customs port at which the licence is registered keeps an account of the utilisation of the licence. If the goods are imported at a Customs port other than that where the licence has been registered, the licence holder has to get a release advice from the port of registration for the purpose of clearance of the goods at a different port. It is in this way that the Customs House where the licence is registered is in a position to keep a proper account of its utilisation.

3. There is also a proposal under consideration to maintain the accounts of utilisation of import licences in the CCIE's organisation by means of computer machines.

4. Regarding (ii) above, it is the responsibility of the Customs authorities to check whether the goods imported against a licence are in accordance with the description of goods permitted by the licence. But there is an arrangement whereby the licensing authorities also help the Customs to decide whether the licence has been properly utilised and the import is in order. For this purpose, joint meetings are held between the Customs and the Import Trade Control authorities in which individual cases pending with the Customs are discussed. Instructions have also been issued by the Chief Controller of Imports & Exports that, if in a particular case, the Customs have any doubts as to whether the goods imported are covered by the licence or not, they may make a prior reference in the matter to the CCI&E and allow clearance of goods after the CCI&E has confirmed that the import in question is in accordance with the relevant import policy in force and the licence granted thereunder. Apart from this arrangement in regard to individual cases, periodical meetings are held by the CCI&E with the Collectors of Customs and the licensing authorities to discuss general matters in regard to import and export policy, and one of the objectives of such discussions is to find out ways and means of preventing the abuses, if any, noticed by the Customs authorities in the utilisation of import licences.

5. In regard to (iii) above, complaints of misutilisation of imported goods are investigated by the sponsoring authorities and the Central Bureau of Investigation. Penal action in such cases is taken by the licensing authorities under the Imports & Exports (Control) Act and the Orders made thereunder. The Study Team on the Imports & Export Trade Control Organisation had recommended that the CCI&E should call upon the sponsoring authorities to set up investigation cells and maintain separate registers in which all the complaints should be entered and results of enquiry recorded. It was also recommended that enquiries should be made by the staff at responsible level by inspecting the premises of the actual users concerned. Government had accepted this recommendation. In pursuance of Government's decision, a letter was issued in October, 1966, to all the sponsoring authorities requesting them to set up investigation cells in their organizations, maintain registers as recommended by the Study Team and to arrange that enquiries are made by the staff at a responsible level by inspecting the premises of the actual users concerned. In

order to facilitate such check by the sponsoring authorities and the C.B.I., it has been made a condition of every import licence for raw materials and components issued to an actual user that the actual user should maintain proper account of consumption and utilisation of goods imported against the licence and produce such account to the licensing authority or any other concerned authority within such time as may be specified by such authority. The form in which the actual user has to maintain the account of consumption and utilisation has also been prescribed and incorporated in the Import Trade Control Hand Book of Rules & Procedure.

6. In January, 1969 the sponsoring authorities were again requested by the CCI&E to undertake regular post-check of utilisation of imported materials by industrial units and report cases of alleged misuse to the licensing authorities concerned for further action under the Imports (Control) Order.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

#### **Recommendation (Serial No. 29) Para No. 3.69**

The Committee note with surprise that the Director in the office of the Textile Commissioner, who is a technical officer, should have relied on the estimates made by the Hosiery Federation with regard to the quantity of yarn required for manufacturing each under-garment. It appears to the Committee that no check was exercised in this matter by the Office of the Textile Commissioner and proper attention was not given in calculating the quantity of yarn required. This has, no doubt, resulted in undue pecuniary benefit to the firms to whom raw material was supplied in excess of their actual requirements. The Committee desire that the serious lapse should be further investigated urgently to fix responsibility and suitable disciplinary action taken against the defaulting officers at an early date. In this connection the Committee desire that the remarks of the Secretary, Ministry of Commerce "whether there was negligence or collusion is a point to be decided" should be borne in mind.

#### **Reply of Government**

As indicated in reply to Recommendation No. 30, the Central Vigilance Commission advised that departmental proceedings as for a major penalty might be taken against the officers concerned in this case. Government have accepted the advice of the Central Vigilance Commission and necessary further action in the matter is being taken.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

#### **Comments of the Committee**

The final action taken in the matter may be intimated in due course for information of the Committee.

#### **Recommendation (Serial No. 30) Para No. 3.70**

The Committee desire that the Central Vigilance Commission should without further delay, finalise their opinion in this case of alleged over assistance allowed to suppliers of under-parts in 1962-63, so that necessary action may be taken by Government without loss of time.

### Reply of Government

The Central Vigilance Commission have already informed the Committee that they advised the Government on the 20th March 1969 that the material on record in this case did not make out a case, even *prima facie* of conspiracy, but that departmental proceedings as for a major penalty be taken against the public servants concerned *vide* foot-note on page 82 of the Committee's Report.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### Recommendation (Serial No. 31) Para No. 3.71

The Committee desire that early action should be taken to work out the quantities of yarn due from the mills to whom excess quantities had been issued in connection with the manufacture of under-parts in 1962-63, and Communication sent to the State Trading Corporation and Director of Industries, Punjab for effecting necessary adjustments. The Committee should be apprised of the final action taken in the matter in due course.

### Reply of Government

The quantities of yarn which were due from hosiery units to whom excess quantities had been issued in connection with the manufacture of under-pants in 1962-63 are being recovered from the actual user quota of the concerned units in the current wool allocation period commencing October, 1969.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

### Recommendation (Serial No. 32) Para No. 4.110 to 3.117

The Committee note that at the meeting of the Secretaries (Finance, Supply and Additional Secretary, Defence) held on 17th October, 1963 a decision was taken *inter alia* to release surplus white or undyed wool tops used for manufacture of cloth woollen brown on the condition that "the quantities released for civil market would be set off against future quota except to the extent of those utilised in exports". But this decision was nullified by a proposal made in the Ministry of International Trade in a written note suggesting that the quantity declared surplus by the Defence Ministry should really be allocated for the civilian requirements "without any debit against future allocation". The proposal, which was contrary to the decision taken by the Committee of Secretaries mentioned above, was agreed to by the Minister of International Trade on 31st October, 1963.

2. The Committee are unable to understand why at the meeting of the Secretaries on 17th October, 1963 no representative of the Ministry of International Trade, which was vitally concerned with this matter, was invited. Unfortunately the reasons for not inviting a representative of the Ministry to this meeting are not on record in the file of the Department of Supply.

3. The representative of the Ministry of Commerce in his evidence before the Committee stated that the decisions taken at the meeting of Secretaries held on the 17th October, 1963 were communicated to the Ministry of International Trade in writing on the 28th October, 1963. In this connection, the Committee find that in a letter dated the 28th Octo-

ber, 1963, from the Deputy Secretary in the Department of Supply to the Under Secretary in the Ministry of International Trade, there is a reference that the decision of 17th October, 1963 was not only verbally communicated to him on the 17th October, 1963 itself but a gist thereof was also communicated in writing through a follow-up note on the 18th October, 1963. It is, therefore, clear that the decision taken at the Secretaries' meeting on the 17th October, 1963 (namely that the quantities to be released for civilian consumption would be set off against future quota, except to the extent of those utilised for export) was made known to the Ministry of International Trade much before the 28th October, 1963, where the decisions of the Secretaries' meeting were formally communicated to that Ministry.

4. On 26th October, 1963, the Minister for International Trade asked for a note from the Joint Secretary, Department of Supply, with regard to the surplus wool. In the note submitted by the Joint Secretary to the Minister for International Trade on 29th October, 1963 as desired by the latter, no mention was made about the decision that had already been taken on the 17th October, 1963 at the meeting of the Secretaries, though the note mentioned that the surplus quantity of wool tops and undyed wool 'can be released to the civil market and should be set off against future quota except to the extent of the quantity utilised for export'. The Committee also observe that there is no indication in the note dated 30th October, 1963, record by the Under Secretary (Shri A. G. V. Subramaniam) in the Ministry of International Trade that a decision had already been taken on 17th October, 1963 in the meeting of Secretaries that the quantities released for civil market would be set off against future quota, except to the extent of those utilised in exports'.

5. Neither the decision taken at the meeting of Secretaries nor the decision of the Minister of International Trade was communicated officially to the Textile Commissioner, Bombay for implementation. The Committee fail to understand why such an important decision taken at such high levels was not communicated officially to the authorities concerned. It has been contended before the Committee that even in the absence of any communication from the Ministry the Textile Commissioner by virtue of his office had the authority to distribute the raw wool. If such were the case and no policy direction from the Ministry was called for, the Committee find no point in the futile exercise by the three Secretaries meeting and their coming to policy decisions at such high levels.

6. It is not clear as to why on his return to Delhi and on knowing the Minister's approval to his proposals the Under Secretary in the Ministry of International Trade did not take the normal action of sending a communication to the Textile Commissioner's office to distribute the wool in the manner approved by the Minister for International Trade.

7. The Secretary, Ministry of International Trade does not appear to have been associated with this case at any stage. When he made a query on receipt of the minutes of the Secretaries meeting of 17th October, 1963 on 28th October, 1963, the same appears to have remained unanswered. The proposal made, which was contrary to the decision of the Secretaries with regard to the distribution of wool was also not routed through the Secretary before it was put up to the Minister of International Trade for decision.

The Committee find several other procedural lapses and irregularities in the disposal of wool declared surplus to Defence requirements in 1962-63. These may be summarised as follows:—

- (i) The decisions taken at the meeting of Secretaries (Ministries of Finance, Supply and Defence) for the distribution of wool were not approved by the Minister of International Trade but this fact was never communicated to the Committee of the three Secretaries.
- (ii) The Ministry of Finance were not consulted at this stage even though by virtue of foreign exchange involvements they were directly concerned if the wool were to be distributed "without any debit against future allocation" as decided by the Minister of International Trade.
- (iii) The D.G.S. & D. who is stated to have "had no business" to hold any meeting to discuss the question of distribution of surplus wool, took decisions about the distribution of surplus wool after meeting representatives of the wool industry in Bombay of his own accord and took certain decisions which he was not authorised to take.
- (iv) In the office of the Textile Commissioner the decisions originally taken for the distribution of surplus wool were changed from time to time until finally the surplus was distributed to the mills, as shown in Appendix XIX to the 87th Report of the Estimates Committee (Fourth Lok Sabha).

8. A clear discrimination was also made between the organised sector and the decentralised sector while distributing the surplus wool and no surplus material was offered to the decentralised sector on the same condition on which these were offered to the organised sector.

9. The Committee note that while on the 9th November, 1963 the basic policy decision approved by the Textile Commissioner was that the surplus wool should be distributed to those of the units who had made supplies for the Defence, Shri Chaudhri's note of 7th December, 1963 elaborated the kind of units which were entitled to the allocation of surplus wool. Firstly, spinning units who had supplies 1/22s hosiery yarn required for Defence purposes were to be preferred and the balance given to composite mills who had manufactured Serge Battle dress.

The Committee do not understand why no reasons have been recorded as to the basis on which it was decided to release 2.5 lakh lbs. of white tops to the spinners and only the balance to those who had supplied serge battle dress.

10. The Committee suggest that the facts disclosed in this case should be taken into account while coming to a final decision in regard to the case.

### **Reply of Government**

The Committee's observations have been noted.

2. As stated in the foot-note at page 100 of the Committee's report, the Central Vigilance Commission advised on 1-2-1969 that in this case departmental proceedings for imposition of a major penalty for lack of devotion to duty might be drawn up against one officer and a warning (to be

more careful in future) issued to another officer of the Textile Commissioner's office. The Commission also held a third officer responsible, but since he had already resigned from Government service, no departmental action was feasible against him. Government have accepted the recommendations of the Central Vigilance Commission and necessary further action in the matter is being taken.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex.*(E), dt. 6-12-69]

#### **Comments of the Committee**

**The final action taken in the matter may be intimated in due course for information of the Committee.**

#### **Recommendation (Serial No. 33) Para No. 3.117**

The Committee feel constrained to observe that in taking the final decision regarding the distribution of surplus wool in 1963-64, the Textile Commissioner's organization did not obtain the prior or *ex-post-facto* approval of the Ministry. This, in their opinion, shows a serious lacuna in the control exercised by the Ministry over the functioning of the Textile Commissioner's Office. In their view the Ministry should have exercised greater scrutiny over the affairs of the Textile Commissioner's Office. It should also have clearly been laid down that important policy decisions should be approved by the Ministry before final implementation.

#### **Reply of Government**

The observations of the Committee have been noted. Necessary instructions have since been issued to the Textile Commissioner.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex.*(E), dt. 7-11-69]

#### **Recommendation (Serial No. 34) Para No. 3.126**

In the opinion of the Committee, a charge against a Government official that he is possession of assets disproportionate to his income is a serious one. The Committee note that the explanation of the official concerned in the Textile Commissioners Organisation (namely Shri R. G. Zalari) has since been obtained and he is placed under suspension. They, however, feel that the explanation of the officer concerned should have been obtained much earlier and further action taken immediately.

The Committee hope that there will not be any further delay in the matter.

#### **Reply of Government**

The observations of the Committee have been noted.

The C.B.I. have already informed the Committee that a charge sheet has been filed in the Court of the Special Judge, Greater Bombay, on 20-1-69 against the officer, *vide* foot-note on page 106 of the Report.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex.*(E), dt. 7-11-69]

### **Recommendation (Serial No. 36) Para No. 3.135**

In the case of Shri Chaudhuri who resigned from Government Service and took employment with the Orient Woollen Mills Federation as their Secretary General, the Committee suggest that the Federation be informed in writing by the Textile Commissioner that CBI investigation is pending against Shri Chaudhuri.

#### **Reply of Government**

The Textile Commissioner, Bombay, has informed the Indian Woollen Mills Federation on the lines suggested by the Committee.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 41) Para No. 3.174**

As the appeal of M/s. Kabir Woollen Mills against the decision of Mr. Justice Tulzapurkar is still pending before the Bombay High Court, the Committee would not like to make any comments in regard to the allocations of hair belting tops (imported in 1965-66) made by the Textile Commissioner, at this stage. The Committee would, however, suggest that as soon as the matter is finally decided by the Courts of law, expeditious action should be taken by the Textile Commissioner to allocate the hair belting tops which have been lying in stock for about three years obviously involving storage and other charges. The Committee would also suggest that the judgments of the Courts of Law in this regard should be carefully examined in the Ministry of Commerce and suitable remedial/disciplinary action taken to deal with procedural defects/administrative lapses that might come to notice.

#### **Reply of Government**

The appeal petition filed by M/s. Kabir Woollen Mills against the decision of Justice Shri Tulzapurkar of the Bombay High Court is still pending. However, the five respondent Mills concerned in the matter of the above appeal petition, namely M/s. Raymond Woollen Mills, Bombay Woollen Mills, Shri Dinesh Mills, Model Woollen Mills and Nagpal Woollen Mills, agreed that the wool tops for hair belting which was the subject matter of the petition may be given to any authorised worsted spinner who quoted the highest price for the same. Accordingly, letters were issued to all the worsted spinners calling for quotation for the purchase of the entire quantity of hair belting tops. The quotation received from M/s. Kabir Woollen Mills was the highest. The balance quantity of hair-belting tops which was held by the I.W.M.F. was therefore released to them at the price quoted by them which was higher than the cost price of the material including storage etc.

At present the imports of raw materials for hair belting industry are canalised through the S.T.C. The raw material imported by the S.T.C. is directly allocated to the manufacturers of hair beltings. The hair belting manufacturers have an option to get the imported raw materials spun from any authorised worsted spinner. This will obviate any possibility of improper allocation of wool tops for hair belting to any particular worsted spinner.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]  
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**Recommendation (Serial No. 42) Para No. 3.176**

The Committee cannot over-emphasise the necessity of an early decision in regard to distribution of the stock of hair belting tops imported in 1965-66, so as to avoid further deterioration and consequent loss of foreign exchange invested on its import.

**Reply of Government**

As mentioned in reply to Recommendation No. 41, hair belting tops imported in 1965-66 held in the custody of the Indian Woollen Mills Federation have since been disposed of. No deterioration in the quality of this stock has been reported by the final allottee. The sale to the mills quoting the highest price has in fact yielded a profit of approximately Rs. 50,000. The same has been appropriated by the Federation for export promotional measures.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex.*(E), dt. 7-11-69]

**Recommendation (Serial No. 43) Para No. 3.179**

The Committee hope that a final allocation of the balance of the hair belting tops from the imports made in 1966-67 will be made without delay as soon as the question of allocation of hair belting tops for the year 1965-66 pending before the Bombay High Court is finally settled.

**Reply of Government**

No imports of hair belting tops were effected through the Indian Woollen Mills Federation in 1966-67. Allocation of foreign exchange to the extent of Rs. 7.5 lakhs was made in 1966-67 in favour of two mills for import of hair belting tops. There was a total allocation of Rs. 25 lakhs for various items such as hair belting tops, machine cloth, felts etc. The unutilised portion of this allocation was carried forward to the wool year 1967-68. With effect from the wool year 1967-68, imports of wool were canalised through the State Trading Corporation. Simultaneously, the procedure for distribution of imported wool was also changed. According to the new procedure, hair belting tops imported by the State Trading Corporation were allocated to the end users, viz. Hair Belting Manufacturers. The question of distribution of this allocation to the Spinning Mills did not, therefore, arise.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex.*(E), dt. 7-11-69]

**Recommendation (Serial No. 44) Para Nos. 3.134 and 3.185**

The Committee regret to note that despite the fact that the various qualities of wool required for the first four consignments from Australia for the Revolving Pool of Raw Wool were indicated by the Textile Commissioner in consultation with the Indian Woollen Mills Federation, the latter and other sectors of the trade raised objections in respect of the quality as well as the procedure of supplies of wool from the stock-pile and its replenishment etc. The Committee are not aware as to way prior agreement with the various parties concerned had not been made in respect of all the aspects before the particular quality of wool was imported. This failure resulted in delay in the distribution of wool supplied by Australia under the Colombo Plan which could have been avoided.

The Committee hope that while finalising import of the further quantity of about 1.6 million lbs. proper care would be taken to come to prior agreement with the various parties concerned so that no difficulties arise in the release of the imported wool from the stock-pile as occurred in the past.

### Reply of Government

Even though the qualities and types of wool for stock-pile imported during 1966 and 1967 had been determined in consultation with the Indian Woollen Mills Federation and the leading exporters, the trade and other sections of the industry raised certain objections in the initial stages in respect of the quality as well as the procedure for the supply of wool from the stockpile and its replenishment etc. These differences were resolved towards the end of June 1967 and thereafter releases from the stockpile wool were made to the exporters from time to time and the initial lot of stockpile wool was quickly liquidated. This would indicate that there was nothing wrong with the qualities and types of wool imported. Essentially the difficulties experienced initially in the offtake of wool were due to the following reasons :—

- (a) The scheme was purely voluntary.
- (b) The fairly liberal licensing for the Industry during the period when the wool started arriving in the country, as against the climate of shortage when the scheme was originally conceived.
- (c) The hosiery sector units who had no prior experience of purchasing greasy wool, and were familiar only with wool tops were reluctant to take delivery of the wool from the stockpile i.e. to lift the wool in the greasy state. As such against their entitlement they were more keen to purchase or accept delivery of wool tops rather than lift greasy wool.

In terms of the Recommendations of the Estimates Committee the following steps have been taken by the S.T.C. to avoid any delays in the supply and delivery of wool from future consignments :—

- (1) A further indent for 1.6 million lbs. of raw wool has been placed with the Australian Authorities in consultation with the Wool and Woollens Export Promotion Council and the Indian Woollen Mills Federation. The types have been approved by the above Associations who have given detailed specifications on the basis of standard Australian types (CWC), both for hosiery and weaving sectors, with the combinations and percentage required for them.
- (2) To ensure the smooth delivery, the STC has accepted the suggestion of the hosiery exporters to undertake the conversion of greasy wool shipped under the stockpile scheme and to distribute to the Industry in the form of top and noils.
- (3) STC has also decided to distribute the wool from the stockpile as an advance to meet the export orders against surrender of their entitlement issued in the form of release orders/Letters of authority by the Licensing Authorities.

It is expected that the future operations of the wool will not present any difficulty.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

**Recommendation (Serial No. 45) Para No. 3.186**

In view of the establishment of the stock-pile for the revolving pool of raw wool with the imports of marine wool from Australia, the Committee hope that there will not be any resultant increase in the prices of woollen cloth and materials and the consumers will not have to suffer.

**Reply of Government**

The position mentioned by the Estimates Committee is confirmed.

Having regard to the fact that the general index of all commodities has increased by about 8.5% during June 68 to June 69, an increase of only 5% during the same period in the case of woollen manufactures would indicate that some benefit has been passed on to the consumer.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text.(E), dt. 7-11-69]

**Recommendation (Serial No. 46) Para No. 4.5**

The Committee deprecate the manner in which papers have been kept in the Ministry of Defence. They would suggest that standing instructions should be issued that whenever any officer of a Ministry/Department attends any Inter-Departmental Committee meetings, he should invariably record notes relating to those meetings on the appropriate files of his Ministry/Deptt., clearly bringing out the role played by him and the commitments, if any, made on behalf of his Ministry.

**Reply of Government**

Para 138 of the Manual of Office Procedure provides that in cases of inter-departmental meetings "a record of discussion should be prepared immediately after the meeting and circulated to the other Ministries concerned setting out the conclusions reached and indicating the Ministry or Ministries responsible for taking further action on each conclusion". Further d.o. letter No. 1|21|64-AR, dated the 1st February, 1965 from the then Cabinet Secretary to all Secretaries on conferencing procedure with the following direction :—

"The view taken was that such officers as are deputed to attend meetings on behalf of Ministries should be adequately briefed in advance and should be empowered to take decisions on behalf of their organisations. They should report back to their Ministries about any important decisions that might have been taken, particularly those involving commitments. Suitable instructions to this effect may kindly be issued so far as your Ministry is concerned."

As the present recommendation of the Estimates Committee was of a general nature applicable to all Ministries/Departments of Government of India, it has been brought to the notice of the Ministry of Home Affairs (Deptt. of Administrative Reforms). They have intimated that the matter will be discussed at the next O & M officers meeting.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text.(E), dt. 7-11-69]

**Recommendation (Serial No. 48) Para No. 4.30**

The Committee have noted the views expressed by the representative of the Ministry that the per pound profit of the two parties [two barter parties

(1963), namely, M/s. Arthur Import Export Co. and M/s. Commonwealth Synthetics] was less than that of the parties to whom the nylon tows were released from the other sources but the overall profits of these parties must have been considerable. The Committee are inclined to agree with these views of the representative of the Ministry.

### **Reply of Government**

The observations of the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 49) Para No. 4.31**

The Committee note the circumstances which led to the permission being granted in 1963 to two firms to enter into barter deal with the State Trading Corporation for import of nylon in lieu of export of manganese ore. They are, however, not convinced that the assessment made for the requirements of nylon to meet the needs of Defence was realistic on the other hand they are of the view that the assessment of requirements of nylon for meeting Defence needs was grossly exaggerated. This is evident from the fact that in addition to the entire quantity of about 14 lakh lbs. of nylon tows imported under the two barter deals which became surplus, a quantity of over 5 lakh lbs. out of the quantity of 19.33 lakh lbs. imported under the two *ad hoc* licences by the Federation also became surplus. In the whole transaction neither the consumer nor the Ministry of Defence, for whose benefit the imports were permitted, appear to have benefited.

### **Reply of Government**

The observations of the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 50) Para No. 4.40**

The Committee note the position with regard to the reported offer made by a firm for the supply of nylon tows at the rate of 59 d per lb. to the Indian Woollen Mills Federation, when they purchased nylon fibres/tows in 1965 at a higher price.

### **Reply of Government**

The observations of the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 52) Para No. 4.50**

As certain agreements regarding the price of hair-belting tops were stated to have been reached between the various parties concerned and the matter was received further consideration of Government, the Committee would urge that an early decision should be taken in the matter and the stocks of nylon, imported as far back as 1966, released to the contractors executing the Defence orders without delay so that there is no further loading of prices and deterioration in quality of the raw material.

### Reply of Government

It was reported by the I.W.M.F. that some quantities of hair-belted tops held in stock by them had deteriorated in quality. They anticipated a loss on this account. They proposed to increase the price of nylon stocks held by them to compensate for the anticipated loss. As however the hair-belted tops were disposed of without any loss the Federation did not load the price of nylon as originally proposed. The supplies to DGS&D contractors were at normal rates which included cost, handling charges, storage, insurance and interest, but no loading on account of anticipated loss on other items. The stocks of nylon held by the Federation have been practically liquidated.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### Recommendation (Serial No. 55) Para No. 5.15

The Committee note that the Central Vigilance Commission did not agree with the findings of the C.B.I. in regard to this particular case, viz., taking over of power-looms by M/s. Model Woollen Mills on lease and their subsequent purchase to expand their capacity. They also note that the matter is awaiting consideration of the Government. The Committee hope that an early decision would be taken in this case.

### Reply of Government

In this case the Central Vigilance Commission reconsidered the matter on a reference made by the Central Bureau of Investigation. After further consideration, the Commission again advised that no prosecution or formal disciplinary action against any of the Government servants concerned would be justified. Government have accepted the advice of the Commission.

2. The CBI have however decided to launch prosecution against the Mills and are taking necessary action in the matter.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### Recommendation (Serial No. 57) Para No. 5.23

The Committee find that there was conversion of some art silk power-looms to woollen powerlooms by Model Woollen Mills and running them without installation permits. They note from the facts disclosed that even though the senior officers including the Textile Commissioner rejected the request of the mills on the 13th September, 1963, for permission to continue the use of looms on woollen yarn in anticipation of some defence orders, within a few days (on 23-9-1963) this request was acceded to after the General Manager of the firm had seen the Textile Commissioner on the 16th evening. The Committee note that this case is under further examination by the C.B.I. in consultation with their law officers. They would suggest that final conclusion on this case should be reached without delay.

### Reply of Government

As indicated in paragraph 1 of the foot-note at page 175 of the Committee's Report, after further consideration of the matter on a reference made by the CBI, the Central Vigilance Commission advised that in this

case no prosecution or formal disciplinary action against any of the accused public servants would be justified. Government have accepted the advice of the Central Vigilance Commission.

2. CBI have however decided to launch prosecution against the mills concerned, *vide* second para of the foot-note at p. 175 of the Committee's Report. They are taking necessary further action in the matter.  
[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 58) Para No. 5.31**

In view of the facts disclosed in regard to the case relating to the alleged transfer of wool processing machines from Amritsar to Bombay by M/s. Model Woollen Mills, and the views expressed by the representative of the Ministry of Commerce in evidence, the Committee desire that the case should be thoroughly re-examined by the C.B.I. and the C.V.C. and an early decision in the matter taken with regard to the question of launching prosecutions and initiating disciplinary action against the persons concerned.

### **Reply of Government**

As indicated in paragraph 1 of the foot-note on page 184 of the Committee's Report, after further consideration of the matter on a reference made by the CBI, the Central Vigilance Commission advised that in this case no prosecution or formal disciplinary action against any of the accused public servants would be justified. Government have accepted the advice of the Commission.

2. CBI have however decided to launch prosecution against the mills concerned, *vide* second para of the foot-note on p. 184 of the Committee's Report. They are taking necessary further action in the matter.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 59) Para No. 5.35**

As the case relating to alleged irregular allocation of 50,000 lbs. of 2/15s, 1/10s worsted yarn by the Textile Commissioner to M/s. Model Woollen Mills has been pending for a long time, the Committee would urge that an early decision should be taken by the authorities regarding launching of prosecutions against the persons concerned.

### **Reply of Government**

As indicated in paragraph I of the foot-note on page 185 of the Committee's Report, after further consideration of the matter on a reference made by the CBI, the Central Vigilance Commission advised that in this case no prosecution or formal disciplinary action against any of the accused public servants would be justified. Government have accepted the advice of the Commission.

2. CBI have however decided to launch prosecution against the mills concerned, *vide* second para of the foot-note on p. 185 of the Committee's Report. They are taking necessary further action in the matter.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Recommendation (Serial No. 61) Para No. 5.39**

From a study of the cases of alleged favouritism to M/s. Model Woollen Mills, which have been dealt with in the previous paragraphs, the following basic facts emerge :

- (i) M/s. Model Woollen Mills were given special permission for taking powerlooms on lease and ultimately taking them over permanently;
- (ii) The firm were allowed to utilise art silk looms for production of woollens;
- (iii) The firm installed at Bombay certain machinery which was permitted to be imported for installation in their Amritsar unit. This involved violation of certain control regulations.

In the opinion of the Committee, the totality of circumstances in these cases and other cases of alleged irregularity against this firm indicate that there is laxity in enforcing the provisions of various control orders, Acts, etc., by the Textile Commissioner's Organisation. The Committee cannot too strongly urge the necessity for a thorough investigation and firm action in all those cases and similar other cases, so that no circumvention of the various provisions of the rules and control orders is permitted.

### **Reply of Government**

The Committee's observation in regard to the need for ensuring that no circumvention of the various provisions of the rules and control orders is permitted has been noted.

2. The position in regard to the case of M/s. Model Woollen Mills has been indicated in the replies to Recommendations Nos.55, 57, 58 and 59.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text.(E), dt. 6-12-69]

### **Recommendation (Serial No. 62) Para No. 5.44**

The Committee note that although one of the conditions of the licence given to Himachal Shoddy Mills, Paonta was that raw materials would be permitted to be imported only if suitable arrangements could be made for supply against equivalent value of export of finished products, it was decided with the approval of the then Minister of International Trade that having regard to the fact that the shoddy industry was supplying blankets for Defence requirements and that the entire production of the country was required either for Defence or for civilian consumption, the export condition need not be insisted upon. The Committee have also been informed that "this decision applied to all the three shoddy spinning units which were licensed under the Industries (Development and Regulations) Act with similar condition regarding export'.

### **Reply of Government**

The observations of the Committee are noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Text.(E), dt. 7-11-69]

**Recommendation (Serial No. 66) Para No. 5.58**

The Committee note the position regarding the allocation of actual users import licenses to three rag pullers, namely, Indian Shoddy Mills, Bombay, Globe Industries, Bombay and Bombay Woollen Waste Factory, Bombay.

**Reply of Government**

The observations of the Committee have been noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TeX.(E), dt. 7-11-69]

**Recommendation Para No. 6.1**

The Committee are of the view that a time has come when it is necessary to have a close look at the whole system of controls which are now in operation.

**Reply of Government**

The effectiveness of the various control measures is under review from time to time. So far as wool is concerned, it was because of the ineffectiveness of the control on price of woollen goods and distribution of woollen yarn that a new scheme of distribution of raw material was introduced in November 1967. Simultaneously, the price control and distribution control were removed. Equitable distribution of raw materials to weaker sections is being ensured by the new distribution scheme.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TeX.(E), dt. 6-12-69]

**Recommendation Para No. 6.6**

The Committee trust that whenever allegations come to Government's notice, they should be promptly and fully investigated so that no one is allowed to circumvent the law.

**Reply of Government**

The observations of the Committee have been noted and brought to the notice of all Ministries, Departments etc., of the Government of India.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TeX.(E), dt. 6-12-69]



## CHAPTER III

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

#### **Recommendation (Serial No. 5) Para No. 2.47**

The Committee fail to appreciate why the Ministry took a decision in July, 1963, to license an additional capacity of 312 automatic looms when there was a large number of unauthorised looms in the country and many of the existing looms were lying idle. If the installation of these additional looms was necessitated to meet Defence requirements for heavy clothing items, they are not able to appreciate how within a period of 9 months a decision was taken to revoke the licences on the ground that defence requirements had already been substantially met. In the opinion of the Committee the decision to issue the licences and revoke them within a short period was obviously taken without thorough investigation.

#### **Reply of Government**

The Committee's observations have been noted.

It may however be pointed that a decision to licence additional automatic looms was taken in July 1963 in the context of the then existing and anticipated heavy defence requirements of blankets and other heavy fabrics for which additional capacity was considered necessary. As a result of the subsequent drastic scaling down of Defence requirements, it was considered that the additional capacity need not be brought about in the changed conditions.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 7-11-69]

#### **Recommendation (Serial No. 24) Para No. 3.41**

The Committee are not convinced that a proper and complete check was exercised with regard to proper utilisation of the woollen materials imported in 1962-63 for the purpose for which these were imported. They do not know whether at any stage any attempt was made either by the Textile Commissioner's organisation or by the D.G.S. & D. to actually reconcile the figures given by the importing Federation with the quantities released under orders of the Textile Commissioner against the contracts placed by the D. G. S. & D. and whether there was any discrepancy in any of the figures. The Committee would like that suitable action in this respect should be taken by the authorities concerned even now, if not already done.

#### **Reply of Government**

The Committee's observations are noted. Attempts are being made to reconcile the figures given by the importing Federation with the quantities released under the orders of the Textile Commissioner against the Contracts placed by the DGS&D. As this work involves collection of material from different offices, and is time con-consuming, a report on the final results of this reconciliation will follow.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 6-12-69]

### Further Information called for by the Committee

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-1970]

### Reply of Government

A certificate dated the 21st January, 1970 granted by M/s. G. N. Joshi & Co., Chartered Accountants, Navsari Chambers, 3rd Floor, Outram Road, Fort, Bombay covering the imports, payment of foreign exchange, entering the imported raw materials in the stock registers and its distribution by the Indian Woollen Mills Federation on the instructions of D.G.S.&D. and Textile Commissioner is reproduced below :—

“We have audited the books of account relating to the Defence Raw Material Account of the Indian Woollen Mills’ Federation being the successor of (1) Federation of Woollen Manufacturers in India (FWMI) and (2) All India Woollen Mills’ Association Ltd., (AIWMA), by whom licences Nos. A 579983/62/AU-NS/CCI-JT-B & A 579985/62/AU-NS/CCI-JT-B dated 30-11-1962 and A 964732/62/AU-NS/CCI-JT-B dated 4-8-1963 totalling to Rs. 7,86,89,420/- were made available for execution.

We report that :—

1. Against these licences imports of raw materials amounting to Rs. 7,66,43,352.05 (C & F Value) were made.
2. The remittances in foreign currency for the imports were duly endorsed by the bankers of the Federation.
3. All the goods imported were duly entered into the Federation’s Purchase Register and allotments were made to various woollen mills in India, as directed by the DGS&D and the Textile Commissioner, Bombay.
4. All the goods were lifted by the allottees and there was no balance left in the hands of the Federation as on 31-3-1966”.

A test check has been conducted by the Office of the Textile Commissioner to verify whether the raw materials released by the Indian Woollen Mills Federation, Bombay, were released against Textile Commissioner’s orders and whether the same have been utilised towards execution of orders placed by DGS&D on ‘with assistance’ basis. The check has been conducted by selecting at random some of the specific items of raw material and its utilisation by a few mills selected at random. The random check so conducted shows that the Indian Woollen Mills Federation, Bombay have released the concerned raw materials against the orders of the Textile Commissioner and the goods so released have been utilised towards production of defence stores against orders placed by DGS&D. However in case of one random check in case of M/s. Bombay Woollen Mills, Bombay it was observed that a quantity of 23 Kgs. of yarn has remained with the mill unutilised for defence purpose against a total quantity of 9,969 Kgs. of raw materials released. In terms of percentage this un-utilised quantity comes to only 0.23% and as such the entire quantity could be taken as having been utilised for defence purpose against orders placed by DGS&D. Similarly another random check showed that another mill namely M/s. Raymond

Woollen Mills Bombay have supplied less by 4239 Kgs. against a total raw material of 401782 Kgs. supplied to them by DGS&D. In terms of percentage the un-utilised raw material is 1.05%. The explanation given is that there was a higher wastage in conversion into yarn than the general norm fixed for the industry as a whole. The difference being marginal the explanation appears reasonable.

As explained earlier a complete reconciliation of the raw material accounts would be a time-consuming process as a number of Departments are concerned with the same. Therefore as indicated in the preceding paragraph a test check has been conducted. This check is substantiated by the certificate of the Chartered Accountants reproduced in para 1 above.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 24-1-1970]

### **Recommendation (Serial No. 25) Para Nos. 3.42 and 3.43**

The Committee feel perturbed to note that once a licence for import has been issued, there is no single organisation or authority which can verify or check up whether the importer has in fact imported according to the licence issued or not. In the case of imports of wool in 1962-63, the Committee note that even though attempts were made at the instance of the Estimates Committee by the Ministry of Commerce to verify the figures of imports from documents available with the Collectors of Customs, Bombay and Calcutta, and also from the endorsements on the exchange control copies of the relevant import licences, they have not been able to present a complete and correct picture.

The necessity of finding out the correct position with regard to quantities and value of imported items of wool cannot be over-emphasised in this case in view of the following facts :—

- (1) These figures have to be tallied against the quantities released by the Federation on instructions from the Textile Commissioner to the mills from time to time against the contracts placed by the D.G.S. & D. for meeting the Defence requirements.
- (2) In case lesser quantities than those specified the licences have been shown to be imported, enquiries will have to be made as regards the difference in value and the amount saved in foreign exchange and what has happened to it.
- (3) In case lesser quantities than those indicated in the licences have been shown to be imported it is necessary to find out whether it was actually so or whether the quantity not shown as imported has been utilised for purposes other than meeting the requirements of Defence.

In these circumstances the Committee desire that further attempts should be made to investigate on the lines indicated above.

### **Reply of Government**

The Committee's observations are noted. Attempts are being made to reconcile the figures given by the importing Federation with the quantities released under the orders of the Textile Commissioner against the contracts placed by the DGS&D. As this work involves collection of material from

different offices, and is time-consuming, a report on the final results of this reconciliation will follow.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 6-12-1969]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-1970]

### **Reply of Government**

M/s. G. N. Joshi & Co, Bombay, Chartered Accountants, have given a certificate dated 21-1-1970 after verification of the records maintained by the Indian Woollen Mills Federation, Bombay. The certificate confirms that all the goods for which foreign exchange was paid for have been imported and entered into the registers. The above certificate also states that the goods have been released to various woollen mills against the orders of Textile Commissioner or D.G.S.&D. The aforesaid certificate has been reproduced in reply to the earlier recommendation of the Estimates Committee.

1. The random check conducted by the Office of the Textile Commissioner shows that the goods covered by the check were released under instructions of the Textile Commissioner towards execution of orders placed by DGS&D.

2. The certificate granted by the Chartered Accountants precludes any possibility of any misutilisation of foreign exchange or non-inclusion of imported goods in the stock register.

3. The certificate of the Chartered Accountants shows that all the quantity of raw material imported has been taken into account and that there is no quantity which, though imported, has been shown as not having been imported.

As explained earlier a complete reconciliation of the raw material account would be a time-consuming process as a number of Departments are concerned with the same.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 24-1-1970]

### **Recommendation (Serial No. 27) Para No. 3.57**

The Committee note that from the enquiries made in India by the Central Bureau of Investigation, they could not establish that the prices at which wool was imported by the Federation in 1963 were higher than the market rate, and that, on the other hand, enquiries made by them from International Wool Secretariat, New Delhi, and a comparison of some of the bills of entries pertaining to the past imports by Individual mills with the bills of entries in regard to the wool purchased by the Wool Mission had shown that the prices paid by individual mills for import against their licences were, in fact, in some cases, higher than those paid by the Wool Advisers.

The Committee also note from the information furnished by the Central Bureau of Investigation that detailed enquiries could not be made abroad

because it was found that comparison was possible between the prices of the wool if the same quality only if country of origin was the same and then for proving that the price paid was higher it would have to be established that the relevant prices in the country from which the wool was obtained, for example Australia, was at the relevant time lower than the price for which a particular quality of wool was purchased. As evidence on the point could only be collected in the country from which purchases were made, these enquiries could not be pursued by them, especially as the experience of the C.B.I. was that the firms and other agencies in foreign countries did not cooperate even in giving information of this nature against the firms belonging to their country, let alone come for evidence in court. The Committee also note that the enquiry by the C.B.I. was taken up some three years after the import of wool and even samples of the imported wool were not available except with a few mills, but even those were in a deteriorated condition.

### **Reply of Government**

The observations of the Committee are noted.

[Department of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 7-11-69]

### **Recommendation (Serial No. 28) Para No. 3.63**

The Committee regret to note that in the case of cloth/articles produced from imported wool the factor that licences for import were being granted by Government was not specifically taken into account by the DGS&D and other authorities concerned in fixing the prices of articles supplied against D.G.S. & D. contracts at the time of the China aggression in 1962-63.

The Committee are not aware of any investigations conducted by the authorities to check up, before fixing the prices, if the price of wool, imported by the Federation, had really gone up generally by about 10 per cent to 12 per cent during October-November 1962 and whether the suppliers actually had to pay this higher price for the imported wool being used for the purpose.

On the other hand the Committee find, as revealed from the investigations made by the C.B.I. (vide para 3.52), the "prices paid by the individual mills for import against their licences (earlier) were in fact, in some cases higher than those paid by the Wool Advisers (for imports made in 1962-63)". It is difficult for the Committee, therefore, to be convinced of the claim of the D.G.S. & D. that the higher prices had to be allowed to the suppliers after negotiations because of the reasons that the price of wool had gone up in the international market.

### **Reply of Government**

Two comparative statements, one for wool tops and the other for wool, showing the trend of prices during September, 1962—February, 1963 are attached (Appendices III and IV). It will be seen from these statements that there was an increase for all qualities of wool and wool tops during this period.

The relevant portion of the note furnished by the CBI to the Estimates Committee on the question of the price paid by the members of the Wool Advisory Committee for the wool purchased by them for Defence purposes (App. XIV to the Estimates Committee's Report) is reproduced below :—

“Since, to the extent it could be determined from the investigation done here, it could not be established that the prices at which wool was imported by the Federation in 1963 was higher than the market rate it was not considered worthwhile to pursue this allegation further.”

It will be seen from the above extract that it merely says that the Wool Advisers did not pay a price higher than the then prevailing market price. From the attached comparative price statements however, it will be noticed that the market prices themselves had risen during the period Sept. '62 to February, 1963.

[Department of Foreign Trade O.M. No. 13(1)/69-Text(E), dated 7-11-69]

### **Recommendation (Serial No. 35) Para Nos. 3.133 and 3.134**

The Committee note that Shri Chaudhuri who was Director, Wool Branch in the Textile Commissioner's Office for almost two years during the period 1962-64 (a period during which special ad-hoc import and distribution of wool took place) had been dealing mostly with the Indian Woollen Mills Federation before resigning his Government job and taking over as Secretary General of the same Federation for bettering his “prospects substantially”.

The Committee feel perturbed that in such a case, Government is more or less helpless, in that under the existing Rules, etc. no action can be taken against an officer unless criminal offence is made out against him.

In the opinion of the Committee, the lure of substantial betterment of prospects in private organisations is bound to tempt some Government employees dealing with matters which are of vital and pecuniary concern to private organisations. This is a constant source of corruption in Government service. It is therefore of utmost importance that preventive and deterrent action is taken urgently to guard against such cases arising in future. With this end in view, the Committee would suggest that—

- (a) Government may examine the desirability of making a suitable provision in the Rules to the effect that even Government servants resigning from Government jobs should seek prior permission of Government before taking up commercial employment within a certain period after resignation.
- (b) Where investigations, whether preliminary or regular, are pending against a Government employee, he should not be allowed to resign till he is cleared of the charges. The feasibility of withholding the G.P.F. dues of such officials in cases where it is possible to do so till the Government employee is cleared of the charges should also be examined. In such cases, all investigations and departmental enquiries must be prompt and action thereon should be expeditious and effective so that no undue harassment is caused to the officials concerned.
- (c) The Head of the organisation, where the person against whom investigations are initiated is employed, should be informed immediately when an enquiry is started by the SPE/CBI. In addition, the Government should consider the feasibility of enlisting the support of Federations and Association and Chambers of Commerce in establishing a convention that before any

Government employee is given an appointment by them, a clearance should be obtained from Government by the prospective employee.

### **Reply of Government**

As the recommendations of the Estimates Committee were of a general nature, they have been taken up with the Ministry of Home Affairs and are under their examination.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TeX(E), dated 6-12-69]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-1970]

### **Reply of Government**

The Ministry of Home Affairs, who were requested to examine the recommendation of the Estimates Committee, have considered the matter carefully and explained the position in regard to the same.

2. In sub-paragraph (a) of their recommendation the Estimates Committee suggested that Government might examine the desirability of making a suitable provision in the rules to the effect that even Government servants resigning from Government posts should seek prior permission of Government before taking up commercial employment within a certain period after resignation. This recommendation seems to be based on the analogy of the provisions of article 531-P of the CSRs under which retired Class-I Officers and All India Service Officers are required to take the permission of the President if they propose to accept commercial employment within a period of two years after their retirement. The consequences which ensue if any such officer takes up commercial employment within two years of his retirement without the prior permission of the President are also spelt out in the said rule of the CSRs. The consequence is that no pension shall be payable to any such pensioner who accepts commercial employment within two years of his retirement without the sanction of the President, in respect of any period for which he is so employed or such longer period as the President may direct. It will be observed from this provision that the penal consequences relate to withholding of pension in such cases, and such a provision could be justified because the pension is sanctioned and paid by Government. The case of Government servants who resign from Government service, and who take up commercial employment thereafter rests on an entirely different footing. Persons who resign from Government service are not entitled to any retirement benefits. Moreover, when a Government servant resigns and his resignation is accepted, the relationship between the employer and the employee snaps and no restrictions can possibly be imposed on his future employment. If any ex-Government servant indulges in any dishonest practice in violation of any law, whether in collusion with businessmen or otherwise, he can be proceeded against as provided for in the law just like any other citizen. Even otherwise it would be impossible to enforce a rule on the lines suggested by the Estimates Committee, having regard to the fact that no sanction by way of withholding pension etc. is

available against an ex-Government servant who has resigned. In the second place, the case of resigned Government servants taking up commercial employment within a specified period may not come to notice as in the case of retired Government servants who have to file a declaration that they had not accepted any commercial employment, or that they had accepted commercial employment after obtaining the previous sanction of the President, when they draw their monthly pension. The Ministry of Home Affairs feel that in the ultimate analysis it may not be possible to make a provision in the rules on the lines suggested by the Estimates Committee.

3. The second recommendation of the Estimates Committee is that where investigations, whether preliminary or regular, are pending against a Government employee, he should not be allowed to resign till he is cleared of the charges, and that the feasibility of withholding of General Provident Fund dues of such officials in cases where it is possible to do so till the Government servant is cleared of the charges, should be examined. The Ministry of Home Affairs have stated that instructions already exist in regard to acceptance of resignation of a Government servant under suspension. A copy of that Ministry Office Memorandum No. 39/6/57-Ests(A), dated the 6th May, 1958, issued in this connection, is enclosed (Appendix V). In most of the cases where enquiries are started against a Government servant on grounds of serious misconduct, the Government servant would be placed under suspension. There may be cases of Government servants against whom enquiries or investigations might have been started and who may not have been placed under suspension. Although if a Government servant against whom charges of misdemeanour are under enquiry or investigations submits his resignation, such a resignation will not normally be accepted, Ministry of Home Affairs propose to issue instructions that if in any case it is proposed to accept the resignation of any such officer in the public interest, it should be accepted only with the prior approval of the Ministry/Department in the case of Class-III and Class-IV Officers and that of the Minister in the case of Class-I and Class-II Officers. Permanent Government servants have no right to resign and keep away from Government service unless resignation is accepted. In the case of a temporary Government servant, however, he can terminate his employment on the expiry of a month's notice. If, therefore, a resignation is not accepted in any particular case, the question of withholding the payment of General Provident Funds dues would not arise as the payment becomes due only after the resignation has been accepted and has become effective. The Ministry of Home Affairs have stated that if, however, the resignation is accepted, the General Provident Fund amount at the credit in the account of the officer concerned becomes payable immediately under rule 31 of the General Provident Fund (Central Services) Rules 1960, and that payment of the G. P. Fund dues cannot be withheld because the amount at the credit of the officer is one which has been subscribed by him and this amount becomes payable as soon as he quits service.

4. The third recommendation of the Estimates Committee is that the head of the organisation where the person against whom investigations are initiated is employed should be informed immediately when an enquiry is started by the SPE/CPI. The Ministry of Home Affairs have stated that this is already in force. Extracts from Vigilance Manual Vol. I (page 29) and Vol. II (page 212) in this connection are enclosed (Appendices VI & VII).



5. As regards the fourth recommendation of the Estimates Committee that the feasibility should be considered of enlisting the support of the Federations and Associations and Chambers of Commerce in establishing a convention that before any Government servant is given an appointment with them, a clearance should be obtained from Government by the prospective employee, the Ministry of Home Affairs have explained that it will not be possible to prevent business firms from offering employment to ex-employees of Government because there is no legal obligation under which business firms could be compelled to follow the procedure suggested by the Estimates Committee. They have added that orders already exist prohibiting Government servants from negotiating for private commercial employment while in service except with the sanction of the competent authority and that such sanction is to be given only if there are any special reasons for doing so. In regard to those who are no longer in Government service, i.e., those who have been dismissed/removed from service, or those whose resignation from Government Service has been accepted, they have added that, as already stated, it would not be possible to prohibit business firms from offering employment to them. In the light of the position explained by the Ministry of Home Affairs, this Ministry would submit that this suggestion may not be pressed.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 22-1-70]

### **Recommendation (Serial No. 37) Para No. 3.139**

From the note furnished by the Ministry, it is not unambiguous whether Shri Vaidyanathan (who is alleged to have been given preference over senior officers) actually attended the Conference of Central Excise Officers held in Delhi in 1967. The fact remain that he had proceeded to Delhi on the 28th August and remained there up to 1st September, 1967.

### **Reply of Government**

Shri Vaidyanathan was present in Delhi between 28-8-1967 and 1-9-1967 but only for the purpose of assisting Shri Muthuswami, Assistant Director, Office of the Textile Commissioner, Bombay, in the preparation of replies to the writ petition filed by M/s. T.I.T. Mills, Bhiwani and M/s. Gwalior Rayon and Silk Manufacturing Company, Bhiwani (against the demand made on them for payment of excise duty), with reference to records of the concerned mills and assisting him with the requisite materials during the course of the discussions held in the Collectorate of Central Excise and in the Department of Revenue Intelligence as also with the Standing Government Counsel. The relevant files relating to the two mills in question were already in the custody of the CBI at Delhi but it was considered necessary to have in Delhi also person conversant with the facts of the case who could readily collect the necessary information from the files for the preparation of replies to the petition. It was in this context that Shri Vaidyanathan, who was conversant with the relevant correspondence with the petitioning mills, was sent to Delhi on 28-8-1967. Shri Mathuswami participated in the discussions and Shri Vaidyanathan accompanied him with the files and records so that he might furnish the information at short notice whenever required.

There was, no doubt, a conference in the chamber of the Standing Government Counsel on 14-9-1967 which was attended by the officers of the Ministry of Commerce, Central Board of Indirect Taxes, CBI, Collectorate

of Central Excise, Delhi, and Ministry of Law. Shri Vaidyanathan did not attend this conference. By that time he had already returned to Bombay.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 7-11-1969]

### **Recommendation (Serial No. 38) Para No. 3.163**

From the detailed information furnished and the evidence given before them with regard to third *ad hoc* licence (1965-66) for import of wool, the Committee note the following points :—

- (1) The Ministry of Defence had not placed any special indent with the D.G.S. & D. following the outbreak of hostilities with Pakistan but the usual annual one. However, the Department of Supply and Technical Development on 2nd August, 1965 had asked for foreign exchange equivalent to Rs. 1.80 crores for meeting the Defence demands for woollen garments. On this basis the approval of the Department of Economic Affairs, Ministry of Finance was issued on 14th September, 1965.
- (2) In the meanwhile because of the then Prime Minister's minute recorded on 1st September, 1965, it was decided that an allocation of Rs. 2 crores worth of foreign exchange may be released for keeping the woollen industry occupied for Defence and/or civilian orders. The amount of foreign exchange needed for Defence requirements was also reduced subsequently.
- (3) Despite these facts the Office of the Textile Commissioner did not consider it necessary "that the specific endorsement be made on the licence for the quantities required for Defence", because the raw material to be imported was to be released in accordance with directions to be issued by the Textile Commissioner.
- (4) Neither the Ministry of Commerce nor the Textile Commissioner's Organisation has furnished any information as to the actual quantities allocated by the Textile Commissioner (against Defence orders and/or civilian allocations). Even the information about releases made by the Federation has been furnished in terms of value only. No break up of allocations between Defence and civilian purposes has been shown either in the case of leases made or in the case of stocks held by the Federation.
- (5) The Government seem to depend entirely on the statistics furnished by the Federation and these statistics regarding allocations have been observed by the Ministry to be even now in the preparation stage and not yet finally entered in the register.

In these circumstances the Committee fail to understand how any check whatsoever in this matter can be exercised by Government and how it can be ensured that the imports made, especially those to meet Defence requirements, have actually been utilised for the purpose of meeting Defence requirements. This matter needs a thorough investigation.

### **Reply of Government**

The Committee's observations are noted. Attempts are being made to reconcile the figures given by the importing Federation with the quantities released under the orders of the Textile Commissioner against the con-

tracts placed by the DGS&D. As this work involves collection of material from different offices, and as the work involved is time-consuming, a report on the final results of this reconciliation will follow.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 6-12-1969]

#### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dt. 5-1-1970]

#### **Reply of Government**

The certificate dated 22-1-1970 granted by M/s. G. N. Joshi & Co., Chartered Accountants, Navsari Chambers, Fort, Bombay is reproduced below :—

**“G. N. JOSHI & CO.**

#### **CHARTERED ACCOUNTANTS**

Navsari Chambers, 3rd Floor, Outram Road, Fort BOMBAY.

We have audited the books of account relating to the Defence Raw Materials Account of the Indian Woollen Mills Federation in respect of the main Licences No. P/AU/1257853 dated 7-9-1965, No. 1258721, dated 15-11-1965 and No. 1258288 dated 24-9-1965.

We report that :—

1. Against these licences imports of raw materials amounting to Rs. 2,12,67,208.09 were made.
2. The remittances in foreign currency for the imports were duly endorsed by the bankers of the Federation.
3. All the goods imported were duly entered into the Federation's purchase register and allotments were made to various Woollen Mills in India, as directed by the DGS & D and the Textile Commissioner, Bombay.
4. Some raw materials is still lying in stock with the Federation's bankers pending release orders by DGS & D and Textile Commissioner.

Sd/-

**CHARTERED ACCOUNTANTS.”**

The above certificate granted by M/s. G. N. Joshi & Co., Bombay, Chartered Accountants, covers imports, payments of foreign exchange, taking into account books and distribution of raw materials against orders of the DGS & D and the Textile Commissioner. A test check conducted by the Office of the Textile Commissioner to verify whether the imported raw material has been distributed as per the orders of the Textile Commissioner shows that the Indian Woollen Mills Federation has followed Textile Commissioner's orders in releasing raw material covered by the test check. Further the test check also shows that the goods released have been utilised towards defence production against orders of DGS & D.

As explained earlier a complete reconciliation of the raw material account would be a time-consuming process as a number of Departments are concerned with the same. Therefore a test check has been conducted. This check is substantiated by the above certificate of the Chartered Accountants.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E),  
dt. 24-1-1970].

#### **Recommendation (Serial No. 39) Para No. 3.164**

The Committee also find from the statement of the undistributed stock (out of the imports made in 1965-66-67) as obtained by the Ministry from the Indian Woollen Mills Federation, as on 31st December, 1968, that the undistributed stock having a basic value of Rs. 21 lakhs has already been loaded with carryover charges amounting to Rs. 17,21,000 which comes to 82 per cent of the basic value. Since the Committee have not been furnished with the details regarding actual imports and releases of wool against the imports in 1965-66 and 1966-67 but only the issue prices, they are not in a position to find out to what extent the distribution that has already been made was with a loaded price and, if so, whether this was justified.

However, from the statistics of the C.I.F. value of imports of various items it appears that as against the C.I.F. value of imports of Rs. 212.01, lakhs, the total sale price of releases so far made by the Federation is Rs. 232.38 lakhs and to this has to be added the present day value of stock held by the Federation which comes to Rs. 38.21 lakhs, thus making a total of Rs. 270.59 lakhs. The Committee desire that Government should investigate and find out if there has been undue profit in this transaction.

#### **Reply of Government**

The audited accounts of the Indian Woollen Mills Federation do not suggests any undue pecuniary advantages to them in respect of the import licences granted to them in 1965-66.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 6-12-69].

#### **Recommendation (Serial No. 40) Para No. 3.165**

The Committee feel that the loading of price of wool imported in 1965-66 and 1966-67 has to some extent occurred owing to the delay in the allocation of the items by the Textile Commissioner. The Committee desire that this aspect of the matter may be looked into thoroughly and the existing stock distributed without any further delay.

#### **Reply of Government**

The quantities imported specifically for Defence requirements could be disposed of only on the basis of indents placed by the DGS & D. The Textile Commissioner's allocation is, therefore, related to the DGS & D indents, and he was, therefore, not responsible for the delay in the allocation. This matter has been taken up with the DGS & D. Current left-over stocks are only about Rs. 7 lakhs in landed value.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 6-12-69].

### Recommendation (Serial No. 47) Para No. 4.8

The Committee note that the percentage of admixture of nylon with wool was assumed in February 1963 while assessing the requirements of nylon fibre/tops/tows for Defence needs. But the Defence specification furnished to the Committee is dated the 14th November, 1967. In the opinion of the Committee the question whether the specifications of blankets referred to above were actually operative at the time it was decided to produce blankets out of shoddy mixed with nylon (instead of 100 per cent Indian Wool) requires investigation.

### Reply of Government

The Chief Inspector of Textiles & Clothing, Kanpur, under the Director of Inspection (General Stores), Department of Defence Production, has reported that Defence Specification No. IND/TC/1408 for blankets, a copy of which was submitted to the Estimates committee, and a reference to which has been made in paragraph 4.6 of the Committee's Report, permitting blankets out of shoddy mixed with nylon, was sealed on 6-6-1963, and that the same was operative from that date. The Chief Inspector of Textiles & Clothing has also clarified that the date, the 14th November, 1967, indicated in the copy of the specification furnished to the Estimates Committee was the date on which the certified correct copy of the sealed specification was issued on demand.

2. According to the Chief Inspector of Textiles & Clothing, Kanpur, the earlier specification which was current prior to 6th June, 1963 provided for all-wool blankets, but as adequate quantities of Indian wool were not available in the country for the production of all-wool blankets required by the Defence during the Chinese aggression, it was decided by the Defence authorities even from an earlier date, *i.e.*, end of 1962, to accept blankets made from a mixture containing 45% Indian wool, 40% shoddy and 15% nylon with a view to augment supplies. He has also added that while placing As/T to the above specification, the composition in which the blankets were to be made was laid down in the contracts because the specification at the time did not contain provision for alternative types of blankets. Based on the bulk production results, the specification IND/TC/1408 was prepared and sealed on 6th June, 1963 by the Chief Inspectorate of Textiles & Clothing, as stated above, to facilitate procurement.

[Ministry of Foreign Trade O.M. No. 13(1)/69-*Tex*(E), dt. 7-11-69].

### Recommendation (Serial No. 51) Para No. 4.48

The Committee note that the Textile Commissioner's Organisation had only been mediating in the dispute between the Indian Woollen Mills Federation on the one hand and M/s. R. K. Synthetics and Wellman India Ltd. on the other in regard to the nylon imported in 1965-66 but has not so far taken a firm line to ensure that the Federation releases the raw material without loading the price and the firms which had received the tows return them after conversion without further delay. The Committee feel concerned about the helplessness of the Textile Commissioner's Organisation in enforcing their orders regarding release of nylon tows and their return after conversion into nylon tops. The Committee cannot but express their regret over the helplessness displayed by the Textile Commissioner's Organisation in the matter all these years. They entirely

agree with the views of the representative of the Ministry of Commerce that "the Government must be strong enough" to enforce their orders in such matters.

The Committee note that the Federation has now delivered 14,000 lbs. of tops and some quantities of fibre to DGS & D's nominees and M/s. R. K. Synthetics have also reported their willingness, to deliver the tops to DGS & D's nominees, but they would like the Government to ensure that their directions are implemented in full and without delay. Suitable penal action should be taken promptly by Government in case there is failure to implement their directions.

### **Reply of Government**

According to the Law Ministry, no action would lie against R. K. Synthetics so far as the Textile Commissioner is concerned. As it is a transaction between the Indian Woollen Mills Federation and the firm, the former has been asked to take legal action against the firm for breach of conditions of contract. The Committee's observations in regard to penal action have been noted.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 6-12-69].

### **Recommendation (Serial No. 53) Para No. 4.51**

The Committee desire that the allegations that the entire allocation of 1,20,000 pounds of nylon tows meant for M/s. Commonwealth Synthetics and 1,10,000 lbs. of nylon tows meant for R. K. Synthetics has been directly allocated to defence order holders who were neither tow-makers nor spinners and that the material is being openly marketed by the hosiery tender holders, should be investigated, specially in view of the fact that Ministry of Commerce have confirmed that the entire quantity will be utilised for Defence.

### **Reply of Government**

The allegation that tow/tops allocated to defence order holders are being openly marketed by the hosiery tender holders is still under investigation.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 6-12-69].

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendations by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dt. 5-1-1970]

### **Reply of Government**

The nylon tow/tops were released to contractors having orders for socks and jersies. The supplies already effected contain nylon to the extent specified. It can therefore be inferred that there has been no malpractice as alleged.

Investigations made at Ludhiana by an officer of Textile Commissioner's Organisation reveal that the actual position was that the D.G.S. & D. orders

for socks stated that the supplies of the contracted goods should commence irrespective of the fact whether nylon tow/tops from Indian Woollen Mills Federation were received by the contractor as the nylon assistance was provided on replenishment basis. Some firms accordingly supplied stores prior to their getting nylon tow/top by arranging supply of the same from sources other than the Indian Woollen Mills Federation. The nylon tow/top subsequently received by them was in replenishment of the earlier nylon tow/top utilised. The remaining Nylon tow available with the Indian Woollen Mills Federation was not adequate to cover assistance for orders for jersies and therefore only part assistance has been rendered from the stocks available with Indian Woollen Mills Federation, Bombay and remaining assistance for nylon by granting import licences. The investigations reveal that the nylon tow released from Indian Woollen Mills Federation for jersey manufacture has been got converted from M/s. Wellman of India and the Nylon so received has been treated by the contractors as replenishment whenever the same has been received subsequent to the supplies having been effected to D.G.S. & D. conforming to the specified nylon content.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E),  
dt. 24-1-1970]

#### **Recommendation (Serial No. 56) Para No. 5.16**

From the papers furnished to the Committee, they observe that as late as 13th January, 1965, the Assistant Director in the Regional Office of the Textile Commissioner at Colaba, Bombay, wrote to the Deputy Director, IL Section (Wool), Office of the Textile Commissioner, Fort, Bombay, as follows :—

'It may please be seen that the said mill (M/s. Model Woollen Mills) is in possession of 25 woollen powerlooms from seven parties on lease upto 31-6-1964. So far, this office has not received any information from the leasers for the continuation/extension of the lease. It may also be seen that since the concern is registered under Industries (Development & Regulation) Act, 1951, any extension of business by purchasing additional powerlooms must be sanctioned by the Ministry, New Delhi, by amending the licence to that effect. So far, this office has not received any indication either from the mill or from the Ministry, New Delhi.'

These facts go to show that even though the period of these lease of the looms expired by the end of June, 1964, the mills were allowed to continue the working of these looms in their own mills without any request for continuance/extension of the lease. The Committee, therefore, desire that this aspect of the case should be thoroughly examined and responsibility fixed on the officer concerned for their lapses and suitable disciplinary action taken.

#### **Reply of Government**

The matter is being examined by the Textile Commissioner and a further report will follow.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E),  
dt. 6-12-1969].

### Further Information called for by the Committee

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-1970]

### Reply of Government

The Deputy Director in the Headquarters office of the Textile Commissioner wrote to the Director in the Regional Office of the Textile Commissioner, Bombay on 13-1-1965 and it was in reply to this letter that the Assistant Director in the Regional Office of the Textile Commissioner, Colaba, Bombay, wrote to Deputy Director II-Section (Wool), Office of the Textile Commissioner, Fort, Bombay, on 11-2-1965 as mentioned in the above-said recommendation of the Estimates Committee.

The position in this regard is that the following 6 firms namely :—

- (1) Pushpa Industries,
- (2) M/s. Janak & Company,
- (3) Ravinder Textiles,
- (4) Vinod Textiles,
- (5) Modella (P) Ltd.,
- (6) Rajinder Textiles,

had 4 woollen powerlooms each and the seventh firm namely M/s. Grovesons (P) Ltd., had one powerloom, totalling 25 powerlooms. All these powerlooms were duly covered by permits issued by the Textile Commissioner under the Textiles (Production by Powerloom) Control Order, 1956. A lease permit dated 22-4-1963 was issued to M/s. Model Woollen Mills, Bombay, to take on lease 28 powerlooms which included the above-said 25 powerlooms. The lease was effective for 18 months, terminating on 30th June, 1964.

The observation made by the Regional Office, Bombay, in their aforesaid letter dated 11-2-65 in reply to the letter dated 13-1-1965 was that M/s. Model Woollen Mill was in possession of 25 woollen powerlooms from seven parties on lease up to 30th June, 1964. This letter did not indicate that the looms were being worked by M/s. Model Woollen Mills subsequent to the date of termination of the lease. The 25 powerlooms in question were even prior to the commencement of the lease situated in the same compound of M/s. Model Woollen Mills, Bombay. Therefore, this leasing of looms did not involve a change in the location of powerlooms.

M/s. Model Woollen Mills applied on 18-11-1964 for transfer of these looms to them on a regular basis. This application was forwarded to the Textile Commissioner by the Collector of Thana District with the remark that his office had no objection to such purchase of woollen looms in case the Textile Commissioner was normally regularising such termination of lease and consolidation of several small firms operating with 4 looms each into one individual company. Since such transfers were being allowed by the Textile Commissioner as per policy and had been allowed in several other cases, the Office of the Textile Commissioner recommended to the Ministry of Commerce for amending the Industries (Development and



Regulation) Act licence of M/s. Model Woollen Mills for substantial expansion to enable them to instal 25 powerlooms on transfer from the 7 firms mentioned above. Such an amendment in the industrial licence has been effected on 17-6-1965 for 25 powerlooms. By another amendment dated 13-8-1965 further substantial expansion was allowed by 3 more powerlooms.

It is no doubt true that working of the powerlooms beyond the period of the lease of M/s. Model Woollen Mills is a technical breach of the relevant provisions of the Industries (Development and Regulation) Act and of the Textile (Production by Powerloom) Control Order, 1956 on the part of the mills and the C.B.I. have decided to prosecute the mills. It may however be stated that neither any permission for working the looms beyond the lease period by Model Woollen Mills was sought for nor was any such permission granted by the Textile Commissioner.

The 25 powerlooms registered with seven firms were duly authorised woollen powerlooms situated in the compound of M/s. Model Woollen Mills, Bombay. Although no additional woollen powerlooms were being permitted to be installed, permission for the transfer of the existing authorised powerlooms from one unit to another either on lease or on regular basis was being granted within the same State because such transfers did not result in any over-all expansion in the woollen powerloom sector in the country.

[Ministry of Foreign Trade O.M. No. 13(1)/69-TeX(E), dated 24-1-1970]

### **Recommendation (Serial No. 60) Para No. 5.38**

The Committee fail to understand why the allegation that M/s. Model Woollen Mills had purchased Barrack blankets for supply against the defence orders from other manufacturers instead of producing them in their own mills, was not examined either in the Ministry of Commerce or in the Ministry of Law, with a view to see whether any irregularity was involved in the matter.

### **Reply of Government**

During the course of their investigations into the various allegations against M/s. Model Woollen Mills, the CBI made enquiries in regard to this particular allegation also. According to the CBI authorities, M/s. Sefton & Co. (now known as Uttar Bharat Woollen Mills Pvt. Ltd., Mirzapur) had not any dealings with M/s. Model Woollen Mills, M/s. Brij Textiles, Bombay, or any of their allied concerns during the period 1962 to 1964 in regard to the supply of barrack blankets by these firms to the DGS&D, nor had they received any raw material from these firms. M/s. Sefton & Co. however, had received seven supply orders direct from DGS&D for supply of barrack blankets during the years 1963-64 and had supplied blankets accordingly. This allegation against M/s. Model Woollen Mills in respect of supply of blankets was not substantiated during the enquiries of the CBI.

[Department of Foreign Trade O.M. No. 13(1)/69-TeX(E), dated 7-11-69]

**Recommendation (Serial No. 63) Para No. 5.45**

The Committee have been informed in the case regarding release of imported shoddy wool allotted to M/s. Himachal Shoddy Mills that the Indian Woollen Mills Federation were reluctant to part with the goods to this mill as they had booked the same at pre-devaluation rates and that the Federation in their letter dated the 15th December, 1966 wrote *inter alia* to the Textile Commissioner that it had been decided by them that all mills would be charged at the new rates of exchange except where the imported materials were required for Defence production. The Committee note in this connection that the Textile Commissioner in his letter of the 6th January, 1967 informed the Federation that the *ad hoc* licence for the licensing year 1965-66 was canalised through the Federation and according to relevant conditions "the Federation was not entitled to derive any pecuniary advantage by trading in the import licence granted to them for distribution to the units of the industry". The Committee desire that an investigation should be made expeditiously to find out whether the Federation has actually derived any pecuniary advantage through the import licences which were granted to them *ad hoc* during the period 1962-63 onwards. If any contraventions of the relevant conditions of the licences come to notice suitable action in the matter should be taken.

**Reply of Government**

A scrutiny of the audited accounts of the I.W.M.F. does not show any undue pecuniary advantages to them through licences granted in 1962-63 and 1965-66.

No contraventions of the conditions of the licence have come to notice.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dt. 7-11-69]

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## **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

#### **Recommendation (Serial No. 1) Para Nos. 2.28 and 2.29**

In the opinion of the Committee, among the factors leading to the present state of affairs whereby only 35 per cent to 40 per cent of the installed capacity in the worsted sector of the woollen industry is being utilised are the issue of additional licences for worsted and shoddy spindles far in excess of requirements, as pointed out by the Estimates Committee in paras 10 to 12 of their 164th Report (Second Lok Sabha)—Part III—Woollen Industry, and the large scale installation of unauthorised spindles in violation of Government's orders and the failure of Government to enforce their orders or to take deterrent action. It is rather surprising that L-4 licences were issued by the Excise Authorities to such unauthorised spindles without thorough verification.

The Committee note that a beginning has already been made by Government in the direction of shifting the incidence of excise duty from the yarn to the wool-top. The Committee, however, desire that the following aspects should also be considered by Government :—

- (i) The steps and measures required to be taken for the strict enforcement of Government's Orders and for checking the growth of unauthorised spindles.
- (ii) A more intimate, closer and effective coordination between the Textile Commissioner's Organisation and the Excise Authorities to ensure that L-4 licences are not issued to unauthorised spindles.
- (iii) Steps to be taken with regard to existing unauthorised spindles. The present level of utilisation of spindles and the repercussions on the prices of the products and the industry should be thoroughly examined.

The Committee hope that early action in the matter will be taken.

#### **Reply of Government**

The Committee's observations have been noted.

2. The Ministry of Finance (Department of Revenue and Insurance) have since issued a circular to all the Central Excise Officers that in order to check the growth of unauthorised spindles, the Central Excise Officers should, at the time of grant or renewal of Central Excise Licences to the manufacturers of woollen yarn, ascertain the fact whether or not requisite permission of the Textile Commissioner has been obtained by them. If such permission is found not to have been obtained by an applicant or a licensee, his particulars should be intimated to the Textile Commissioner so as to enable him to take appropriate action at his end. A copy of the circu-

lar is enclosed (Appendix VIII). In view of these instructions it will be possible to check the growth of unauthorised spindles and to take measures for the strict enforcement of Government's orders.

3. The steps to be taken with regard to the existing unauthorised spindles, having due regard to the present level of utilisation of spindles and the repercussions on the prices of the products and the industry, are being examined in consultation with the Ministry of law.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 6-12-69]

#### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-70]

#### **Reply of Government**

As indicated in the action taken note submitted on the 6th December, 1969, the steps to be taken with regard to the existing unauthorised spindles are being examined in consultation with the Ministry of Law. The Ministry of Law expressed the view that the matter should be considered in the light of the decision of the Maharashtra High Court on the writ petitions filed by certain woollen mills challenging the policy regarding the import and distribution of wool. This decision has been obtained through the Textile Commissioner and sent to the Ministry of Law. It may take some time more for that Ministry to give their advice on this case and for Government to take a decision in the matter.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 24-1-1970]

#### **Comments of the Committee**

The Committee would suggest that the matter may be pursued at a sufficiently high level and an early decision taken with regard to the existing unauthorised spindles in the country.

#### **Recommendation (Serial No. 6) Para No. 2.48**

The Committee find that although a decision to revoke the licences granted for installation of automatic looms in July, 1963, was taken in April, 1964, show cause notices were issued only from June, 1966 onwards. By the end of 1968, the process of revocation of licences has been completed in 10 cases out of 13. The Committee note that in the case of Punjab Woollen Textile Mills, it has been stated that "the firm has been representing against the proposed revocation of licences and the matter is under consideration in consultation with the Textile Commissioner." Similarly, in the case of Kabir Woollen Mills, Ludhiana, it has been stated that "the Mills had intimated that they had installed all the 24 looms, and they were requested to furnish technical details of looms (automatic or plain)". In the case of M/s. Model Woollen Mills Ltd., it is observed that even though the licence was issued on 11-11-1963 (as in several other cases), no show cause notice appears to have been issued to this firm and it has been remarked, "the licence has expired and action is being taken for its formal revocation". The Committee are unable to understand the reasons for

non-issue of show cause notice to this firm and also the delay in actually revoking the licence. The Committee are of the opinion that had Government acted promptly and revoked the licences immediately after the decision to do so was taken in April, 1964, all these problems would not have arisen.

The Committee are constrained to observe further that even though show cause notices were issued to these firms on 14th June, 1966 no final decision about revocation had yet been taken after the lapse of about 3 years. The Committee would like Government to probe into the matter and fix responsibility for the delay in issuing orders for revocation of licences.

### **Reply of Government**

The observations of the Committee have been noted. The matter is being examined in consultation with the Textile Commissioner, and as soon as the examination is finalised, a further report will follow.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 6-12-69]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dated 5-1-1970]

### **Reply of Government**

In response to the show cause notices issued to the firms, the parties have made representations which are currently under examination in consultation with the Textile Commissioner. As soon as a decision is reached, a further information will be furnished.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex(E), dated 24-1-1970]

### **Comments of the Committee**

As the matter has already been pending for a long time, the Committee would urge that the examination of the representations received by Government may be done expeditiously and final decision taken in the matter.

The Committee would also like Government to look into the time taken at various stages and fix responsibility for delay, wherever it occurred, in the process of revocation of the licences

### **Recommendation (Serial No. 11) Para Nos. 2.87 and 2.88**

The Committee regret to note that as many as 35 mills defaulted in the delivery of the yarn and in some cases the extent of default was between 32 per cent and 39 per cent. It is unfortunate that the only action taken by Government to deal with such defaulters who contravened the control orders consisted of persuasion, issue of show cause notices and issue of warnings.

Although the Committee have not been furnished with the dates when complaints of defaults were first received and persuasion etc. was resorted to, it would appear that the decision to prosecute the mills was taken first

in December, 1964 and upto now, after a lapse of 4 years, no prosecution has yet been actually launched. In this connection the Committee would like to point out that one of the reasons due to which no prosecution could be launched is stated to be the fact that there was some defect in the issue of delegation orders. The Committee desire that this matter should be looked into thoroughly.

### **Reply of Government**

The question of launching prosecution against the mills which defaulted in the supply of yarn to the decentralised sector is under examination in consultation with the Textile Commissioner and the Ministry of Law.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(1)/ECII/69, dt. 5-1-1970]

### **Reply of Government**

In continuation of the position indicated in the action taken note submitted on the 6th December, 1969, the matter is being actively pursued further taking into consideration the realities of the situation, and a further report will be furnished as soon as a decision is reached.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 24-1-1970]

### **Comments of the Committee**

The Committee hope that the matter will be dealt with expeditiously and necessary action taken in the matter at a very early date.

### **Recommendation (Serial No. 54) Para No. 5.6**

The Committee feel perturbed to note that no action was taken either by the Textile Commissioner or the Ministry in this case against the mill (M/s. Model Woollen Mills) for defaulting in delivery of yarn except "to give them warnings", as the view was taken by Government that "CBI having looked into the matter or sorted out what should be looked into, we need not do anything further." The Committee are unable to appreciate this stand taken by the Government, especially in view of the fact that serious allegations, including the gaining of pecuniary advantage by non-distribution of yarn under the distribution scheme, have been made by an officer of the Textile Commissioner's Office in an office note.

The Committee hope that an early decision will be taken by Government on the question of launching of prosecutions in this case as also other cases of default in delivery of yarn which have been dealt with by the Committee in Chapter II of their Report.

### **Reply of Government**

The question of launching prosecution against the mills which defaulted in the supply of yarn to the decentralised sector is under examination in consultation with the Textile Commissioner and the Ministry of Law.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dt. 5-1-1970]

### **Reply of Government**

In continuation of the position indicated in the action taken note submitted on the 6th December, 1969, the matter is being actively pursued further taking into consideration the realities of the situation, and a further report will be furnished as soon as a decision is reached.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 24-1-1970]

### **Comments of the Committee**

The Committee hope that the matter will be dealt with expeditiously and necessary action taken in the matter at a very early date.

### **Recommendation (Serial No. 64) Para No. 5.49**

The Committee desire that the investigation relating to the alleged violation of the conditions of the Customs Clearance Permit by M/s. R. K. Synthetics, Ltd., should be completed early and action taken thereon by the Government expeditiously.

### **Reply of Government**

The Central Bureau of Investigation have reported that the investigation of this case in India has been completed and that an Officer has proceeded abroad to complete the remaining investigation. They have added that they are pursuing the case vigorously.

[Deptt. of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 7-11-69]

### **Further Information called for by the Committee**

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I) ECII/69, dt. 5-1-1970]

### **Reply of Government**

The investigation relating to the alleged violation of the conditions of the customs clearance permit by M/s. R. K. Synthetics Ltd. is being conducted by the Central Bureau of Investigation. In reply to this Ministry's request to intimate the result of their investigation the Bureau has reported that as a result of the investigation made abroad some fresh light has been



thrown on the case and that some more investigation abroad would be necessary. They have added that this fresh investigation abroad may take a little more time but that they are trying to finalise it as early as possible.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 24-1-1970]

### Comments of the Committee

**The final decision in the matter may be intimated to the Committee after C.B.I. have completed their investigations.**

### Recommendation (Serial No. 65) Para No. 5.53

The Committee trust that the matter relating to alleged discrimination between M/s. R. K. Synthetics and M/s. Wellman India Ltd. in regard to the conditions imposed under the Customs Clearance Permits issued to them would be examined thoroughly and an early decision taken by the Government.

### Reply of Government

As desired by the Committee, the matter is being thoroughly examined and a decision is expected shortly.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 6-12-69]

### Further Information called for by the Committee

The Government should indicate final action on the recommendation by the 24th January, 1970.

[LSS O.M. No. 5/3(I)/ECII/69, dt. 5-1-1970]

### Reply of Government

The matter relating to alleged discrimination between M/s. R. K. Synthetics and M/s. Wellman (India) Pvt. Ltd. in regard to conditions imposed under the Customs Clearance Permits issued to them for the import of synthetic fibres etc. for the manufacture and export of synthetic tops etc. has been gone into. However, M/s. R. K. Synthetics have filed a writ petition in the High Court of Delhi against Government and the subject-matter of this recommendation, *inter-alia*, forms a ground of the petition and the matter has become *sub-judice*.

[Ministry of Foreign Trade O.M. No. 13(1)/69-Tex.(E), dt. 24-1-1970]

### Comments of the Committee

**The final decision in the matter may be intimated to the Committee after the court case has been disposed of.**

NEW DELHI;

February 26, 1969  
Phalguna 7, 1891 (Saka)

M. THIRUMALA RAO,  
 Chairman,  
 Estimates Committee.

## APPENDIX I

(Vide reply to recommendation No. 12 in Chapter II)

No. 13(1)(12)/69-*Tex*(E)

GOVERNMENT OF INDIA

MINISTRY OF FOREIGN TRADE & SUPPLY

(Department of Foreign Trade)

New Delhi, the 13th August 1969.

### OFFICE MEMORANDUM

**SUBJECT :** 87th Report of the Estimates Committee (1968-69) (Fourth Lok Sabha) on the subject of Import of Wool, Nylon, Woollen Yarn and other woollen products for the woollen textile industry and its allocation to various units since October 1962.

The undersigned is directed to reproduce below Recommendation No. 12 contained in the above-mentioned Report of the Estimates Committee (1968-69) (Fourth Lok Sabha) :—

The Committee are glad to note that a clause was introduced in the import licences for 1966-67 that if a party failed to deliver the yarn made out of wool in the manner ordered by the Textile Commissioner, a suitable cut could be made in the future import licences. They would, however, like to point out that whenever the opinion of the Law Ministry is sought on any matter, particularly those relating to interpretation, contravention of provisions which involve prosecution or imposition of penalty/liquidated damages or recovery of dues to Government, there should be a complete formal reference by the Ministry/Department concerned and written advice should be furnished by the Ministry of Law to avoid any ambiguity.

2. Ministry of Finance etc. are requested kindly to note that above-mentioned recommendation of the Estimates Committee for necessary action.

Sd/-K. S. GANAPATI  
Director.

To

All the Ministries/Departments of Govt. of India.

All Attached & Subordinate Offices under the Deptt. of Foreign Trade.

All Commodity Boards & Corporations under Dept. of Foreign Trade.

All Officers & Sections of the Deptt. of Foreign Trade.

## APPENDIX II

(Vide reply to recommendation No. 22 in Chapter II)

No. 13(1)(22)/69-*Tex*(E)

GOVERNMENT OF INDIA

MINISTRY OF FOREIGN TRADE & SUPPLY

(Department of Foreign Trade)

New Delhi, the 13th August, 1969.

### OFFICE MEMORANDUM

**SUBJECT :** 87th Report of the Estimates Committee (1968-69) (Fourth Lok Sabha) on the subject of import of wool, nylon, woollen yarn and other woollen products for the woollen industry and its allocation to various units since October 1962.

The undersigned is directed to reproduce below Recommendation No. 22 contained in the Report of the Estimates Committee (1968-69) (Fourth Lok Sabha) referred to above :—

The Committee regret to note that although representatives of the industry who had been generally meeting the Defence requirements in the past were invited to attend a meeting in the D.G.S. & D., on 5th November, 1962, it was not clear from the file when the invitations were issued or how. The Committee would like that Ministries and Departments of the Government of India should take care to keep the records complete and retain them properly especially in important cases so that if at a future date these are required for purposes of investigation or otherwise, these can be readily available.

2. The Ministry of Finance etc. are requested kindly to note the above-mentioned recommendation of the Estimates Committee for necessary action.

Sd/- K. S. GANAPATI,  
Director,

To

All Ministries/Departments of Government of India.

All Attached & Subordinate Offices under the Department of Foreign Trade.

All Commodity Boards & Corporations under Department of Foreign Trade.

All Officers & Sections of the Department of Foreign Trade.

### APPENDIX III

(Vide reply to recommendation No. 28 in Chapter III)

*Comparative statement of prices of Wool Tops during September, 1962—February, 1963.*

*Merino and Crossbred Wool Tops*

Quality	6-9-62	27-12-62	7-2-63	Price-pence per lb.
70 Warp .. ..	114	120	126	
70 Average .. ..	108	114	121	
66s Average .. ..	107	112	118	
64s Warp .. ..	105	111	117	
64s Super .. ..	103	109	115	
64s Average .. ..	101	106	112	
60s Super .. ..	94	101	107	
60s Ordy. .. ..	92	98	105	
58s Super .. ..	90	94	101	
58s Average .. ..	88	92	99	
46s Carded .. ..	86	88	93	
54s Carded .. ..	80	82	87	
50s Carded .. ..	79	77	82	
48s Carded .. ..	71	74	79	
46s Carded .. ..	70	73	78	

**Source:** Weekly Wool Chart and Private Business Report published by Mallett & Co., Bradford U.K.

## APPENDIX IV

(Vide reply to recommendation No. 28 in Chapter III)

*Comparative statement of Prices of Wool during September, 1962—February, 1963*

### *Combing Wool*

Quality	Sept.'62	21-12-62	8-2-63	(Price-pence per lb.)
70s Average .. ..	93	100	108	
64s Good	90	97	104	
64s Average .. ..	86	94	102	
60s Good	81	88	95	
60s Average	77	86	94	
58s Good	73	79	88	
56s Good .. ..	70	77	86	
50s Good .. ..	64	72	81	

### *Carding Wool Quality*

Marino. .. ..	35	42	48
Fine Crossbred .. ..	34	45	48

**SOURCE :** Australian Wool Bureau Wool Statistical Service—reproduced on p. 146 of the Wool Intelligence & Fibre Supplement published by the Commonwealth Economic Committee, London for 1963.

## APPENDIX V

(Vide reply to recommendation No. 35 in Chapter III).

*Copy of O.M. No. 39/6/57-Ests.(A), dated the 6th May, 1958 from Shri P. Sitaraman, Deputy Secretary to the Government of India Ministry of Home Affairs, New Delhi to all Ministries of the Government of India etc. etc.*

**SUBJECT :—Resignation from service—Procedure in respect of—**

Questions have been raised from time to time regarding the authority competent to accept a resignation, the circumstances under which resignation should be accepted, the date when a resignation becomes effective, and the authority competent to permit a Government servant to withdraw a resignation which he has already tendered. The following instructions are, therefore, issued for information and guidance of all Ministries :—

(a) *Authority competent to accept resignation* : The appointing authority in respect of the service or post in question is the authority competent to accept to resignation of the Government servant.

(b) *Circumstances under which resignation should be accepted* :—It is not in the interest of Government to retain an unwilling officer in service. The general rule, therefore, is that a resignation from service should be accepted except in the circumstances indicated below :—

(i) Where the officer concerned is engaged on work of importance and it would take time to make alternative arrangements for filling the post, the resignation should not be accepted straightaway, but only when alternative arrangement for filling the post have been made.

(ii) Where a Government servant who is under suspension submits a resignation, the competent authority should examine, with reference to the merits of the disciplinary case pending against the Government servant, whether it would be in the public interest to accept the resignation. Normally, as officers are placed under suspension only in cases of grave delinquency, it would not be correct to accept a resignation from an officer under suspension. Exceptions to this rule would be where the alleged offences do not involve moral turpitude or where the quantum of evidence against the accused officer is not strong enough to justify the assumption that if the departmental proceedings were continued, the officer would be removed or dismissed from service, or where the departmental proceedings are likely to be so protracted that it would be cheaper to the public exchequer to accept the resignation.

(c) *Date when a resignation becomes effective* : The competent authority should decide the date with effect from which the resignation should become effective. In cases covered by (b)(i) above, the date should be that with effect from which alternative arrangements can be made for filling the post. Where an officer is on leave, the competent authority should decide whether he will accept the resignation with immediate effect or with effect from the date following the termination of the leave. Where a period of notice is prescribed which a Government servant should give when he wishes to

resign from service, the competent authority may decide to count the period of leave towards the notice period. In other cases also, it is open to the competent authority to decide whether the resignation should become effective immediately or with effect from some prospective date. In the latter case, the date should be specified.

(d) *Authority competent to permit withdrawal of resignation* : A resignation becomes effective when it is accepted and the officer is relieved of his duties. Where a resignation has not become effective and the officer wishes to withdraw it, it is open to the authority which accepted the resignation or to refuse the request for such withdrawal. Where however, a resignation has become effective the officer is no longer in Government service and acceptance of the request for withdrawal of resignation would amount to reemploying him in service after condoning the period of break. As this would involve financial commitments, concurrence of the Ministry of Finance should be obtained before a request for withdrawal of resignation which has already become effective is accepted.

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## APPENDIX VI

(Vide reply to recommendation No. 35 in Chapter III).

EXTRACTS FROM VIGILANCE MANUAL VOL. I (PAGE 29)

### 15. *Close Liaison between the S.P.E. and the Administrative Authorities.*

15.1. The need for close liaison and co-operation between the Chief Vigilance Officer/Vigilance Officers of the Ministry/Department/Office and the Special Police Establishment during the course of inquiry and investigation and the processing of individual cases hardly needs to be emphasised. Both the S.P.E. and the Chief Vigilance Officers receive information about the activities of the officers of various Departments/Offices etc., from diverse sources. As far as possible, the information could be cross-checked at appropriate intervals to keep officers of both the wings fully appraised with the latest development.

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## APPENDIX VII

(Vide reply to recommendation No. 35 in Chapter III).

EXTRACTS FROM VIGILANCE MANUAL VOL. II (PAGE 212)

Central Vigilance Commission Letter No. 2/10/66-Coord.,

dated 21st April, 1966.

At the meeting of Chief Vigilance Officers held on the 25th and 26th February, 1966, the Central Bureau of Investigation drew attention to the need for—

- (a) Close liaison and co-operation between the Chief Vigilance Officers and Central Bureau of Investigation; and
- (b) prompt reference to Special Police Establishment in matters involving corrupt practices.

2. Both the Central Bureau of Investigation and the Chief Vigilance Officers receive information about the activities of officers in various departments/offices from diverse sources. The need for close liaison and co-operation between the Chief Vigilance Officers and Central Bureau of Investigation in pursuing such reports, is, therefore, obvious. It was accordingly agreed that such information should be cross-checked at appropriate intervals to keep officers in both the wings fully posted.

3. It was further agreed at the meeting that the Chief Vigilance Officers should go through the complaints etc., received by them quickly and concentrate on those which appear to have some substance. In cases which require investigation by the Central Bureau of Investigation, a prompt reference should be made to them to safeguard against the possibility of the suspect officer tampering with or destroying incriminating evidence against him.

4. It is requested that suitable steps may kindly be taken in the above directions.

## APPENDIX VIII

(Vide reply to recommendation No. 1 in Chapter V).

CIRCULAR LETTER NO. E.Y./2/69.

F. No. 10/10/60-CXII

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

New Delhi, the 24th March, 1969.

From

The Under Secretary to the Government of India.

To

All Collectors of Central Excise,  
(including Cochin/Goa).

The Dy. Collector of Central Excise,  
Amritsar/Ahmedabad/Trichy/Jaipur.

Sir,

SUBJECT : *Woollen yarn—Checking of growth of unauthorised spinning units.*

It has been brought to the notice of this Ministry that a number of spinning units engaged in the manufacture of woollen yarn as L-4 licensees, are operating without having obtained Textile Commissioner's permission for installation and working of their spindles under the Woollen Textiles (Production and Distribution) Control Order. Such unauthorised spinning units it has been alleged, are causing unhealthy competition to the authorised spinning units.

2. In order to check the growth of such unauthorised spindles, it has been decided that at the time of grant or renewal the Central Excise licence to the manufacturers of woollen yarn, the Central Excise Officer may ascertain in the fact as to whether or not requisite permission of the Textile Commissioner has been obtained by them. If such permission is found to have not been obtained by an applicant or the licensee, his particulars may be intimated to the Textile Commissioners so as to enable him to take appropriate action at his end.

3. Suitable instructions may be issued to the lower formations.

Yours faithfully,

Sd/- K. L. MUKHERJI,

*Under Secretary to the Government of India.*

## APPENDIX IX

(Vide Introduction to Report )

*Analysis of the action taken by Government on the recommendations contained in the Eighty-seventh Report of the Estimates Committee (Fourth Lok Sabha).*

1. Total No. of recommendations	.. .. .	68
2. Recommendations which have been accepted by Government (vide recommendations Nos. 2, 3, 4, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 29, 30, 31, 32, 33, 34, 36, 41, 42, 43, 44, 45, 46, 48, 49, 50, 52, 55, 57, 58, 59, 61, 62, 66, para 6.1 & para 6.6 included in Chapter II)	..	..
Number	..	46
Percentage to total	.. .. .	67.7%
3. Recommendations which the Committee do not desire to pursue in view of Government's reply (vide recommendations Nos. 5, 24, 25, 27, 28, 35, 37, 38, 39, 40, 47, 51, 53, 56, 60 & 63 included in chapter III)	.. .. .	..
Number	.. .. .	16
Percentage to total	.. .. .	23.5%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee	.. .. .	Nil
5. Recommendations in respect of which final replies of Government is still awaited (Vide recommendations Nos. 1,6,11,54,64 & 65 included in Chapter V)	.. .. .	..
Number	.. .. .	6
Percentage to total	.. .. .	8.8%

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