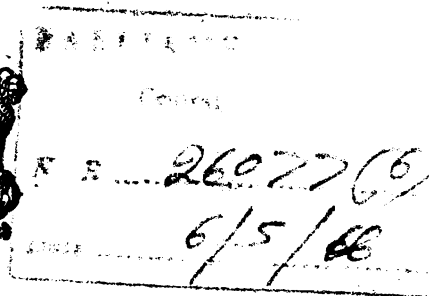


PUBLIC ACCOUNTS COMMITTEE **(1965-66)**

FIFTY-SECOND REPORT **(THIRD LOK SABHA)**

[Action taken by Government on the Outstanding Recommendations of the Public Accounts Committee contained in their 27th, 28th, 29th, 31st, 33rd, 34th, 35th, 36th, 38th, 39th & 40th Reports (Third Lok Sabha) relating to Civil, Defence Finance Accounts and Revenue Receipts as well as a Review of action taken by Government on the Recommendations made by the Committee from time to time.]

VOL. II—APPENDICES



LOK SABHA SECRETARIAT
NEW DELHI

April, 1966/Vaisakha 1888 (S)

Price : Rs. 3-85

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CORRIGENDA TO FIFTY-SECOND REPORT OF PAC (1965-66)
(PRESENTED TO LOK SABHA ON 5.5.1966).- Vol.II.

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*Appendices I, II, III & IV are appended to Vol. I. Report.

‡Appendices XII onwards are appended to subsequent Vols.

(i)

PUBLIC ACCOUNT COMMITTEE

(1965-66)

CHAIRMAN

Shri R. R. Morarka

MEMBERS

2. Shrimati Akkamma Devi
3. Shri Ram Dhani Das
4. Shri Gulabrao Keshavrao Jedhe
5. Shri Cherian J. Kappen
6. Shri R. Keishing
7. Shri M. R. Krishna
8. Shri B. P. Maurya
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10. Shri Manubhai N. Patel
11. Shri C. L. Narasimha Reddy
12. Shri G. Yallamenda Reddy
13. Shri Prakash Vir Shastri
14. Shri Surendra Pal Singh
15. Shri U. M. Trivedi
16. Shri M. P. Bhargava
17. Shri Chandra Shekhar
- *18. Shri S. C. Deb
- *19. Shri R. S. Panjhazari
20. Shri Ram Sahai
21. Shri Niranjana Singh
22. Shri Atal Bihari Vajpayee.

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri R. M. Bhargava—*Under Secretary.*

*Ceased to be Members of the Committee consequent on their retirement from Rajya Sabha on 2-4-1966 under article 83(i) of the Constitution.

APPENDIX VI
MINISTRY OF COMMERCE
(T. C. Section)

Recommendation

The Committee are not satisfied with his explanation. They learn that the agreement was as between the Indian Merchant and the Indian Trade Commissioner in East Africa and it also bound the latter's successors in office. Besides the agreement was not for any specified short term but for 'all time to come'. It was irregular that such an agreement should have been entered into by the Trade Commissioner without the approval of Government. Even more indefensible is his further action in agreeing to amend the agreement materially whereby though he was himself ensured a house at a reasonable rent for three years, the landlord was permitted to increase the rent thereafter. The Committee was surprised that no explanation appears to have been asked for from the Trade Commissioner in 1949 or afterwards when the Government had already come into the picture in regard to the agreement. The Committee consider it desirable that the Government should ensure that Indian Representatives abroad strictly follow the prescribed procedure. Any breaches thereof should be dealt with promptly and effectively.

[S. No. 12 of Appendix V to 19th Report (Third Lok Sabha).]

ACTION TAKEN

As already explained, until 1st October 1949 from which date alone India-based staff in Mombasa became entitled to rent-free accommodation, Government's main interest in the transaction was in protecting the right of occupation of the premises constructed on the land leased by the local Government to the Indian Merchant for the specific purpose of building a house thereon for the residence of the Indian Trade Commissioner. This was safeguarded in the original agreement as well as in the subsequent amendment. As until 1st October 1949 Government was not liable for payment of rent of the premises occupied by the Indian Trade Commissioner, this was left as a matter to be decided between the Trade Commissioner and the Indian Merchant.

As from 1st October 1949, Government became responsible to provide rent-free accommodation to the Trade Commissioner who

was already occupying the premises built on the land leased by the local Government and paying the rent himself, Government considered the accommodation occupied by the Trade Commissioner as suitable and the rent reasonable while sanctioning the enhanced rent that was already being paid by the Trade Commissioner.

The Committee's instructions that Government should ensure that Indian Representatives abroad should strictly follow the prescribed procedure have been noted for strict compliance in the future.

Officers posted to Missions/Posts abroad are now entitled to free furnished accommodation, a set of rules have been framed governing their entitlement of accommodation, rental, furniture and fixtures including crockery, cutlery and glassware. A standard form of lease has also been prescribed for execution of agreements. In view of these instructions, there is little possibility of recurrence of a case similar to the one under reference.

Recommendation

The Committee were not convinced that there was a legal compulsion under the ordinance to agree to the increase in rent. They, therefore, desired to see that final advice of the Law Ministry, which is at Appendix I. In the opinion of the Committee reference to the right of re-entry for any breach of the terms of the Agreement in the note (Appendix I) is not strictly relevant to the issue.

In view of the terms of the original agreement which laid down that major repairs were the responsibility of the landlord himself and the fact that the ordinance had already been repealed on the 1st November, 1959, the Committee find no justification for the increase of rent sanctioned in October, 1960 with retrospective effect from 1st November, 1959 on the ground that the landlord had agreed to undertake major repairs costing about Rs. 20,000/-.

[S. No. 13 of Appendix V to 19th Report (Third Lok Sabha).]

ACTION TAKEN

The Committee's views on the case have been noted. It is submitted that the matter may be closed on the assurance from the Ministry that the prescribed procedure for renting of accommodation will be strictly adhered to in future.

This has been vetted by Audit *vide* A.G.C.R.'s. U.O. No. 2-4/64-65/449 dated 6th August 1966.

Recommendation

The Committee doubt whether such an elaborate building costing Rs. 39.36 lakhs (more than Rs. 150 per square foot of built areas) is consistent with the basic requirement of the Board and justified by the prevailing standards of living in the country.

[S. No. 23, para No. 23(i) of Appendix V to 19th Report (Third Lok Sabha)].

ACTION TAKEN

The cost of putting up the building of the Tea Board has been stated as Rs. 39.36 lakhs which, in fact, represents the initial estimated cost. The final estimate of expenditure on the Tea Board Building which has since been sanctioned by Government amounts to Rs. 38.12 lakhs, which includes cost of land amounting to Rs. 5.56 lakhs. The total usable built-up area of the building is 55,970 sq. ft. or 56,000 sq. ft. comprising:—

- | | |
|---|----------------|
| (i) Floor area for purposes other than for accommodation of officers and staff | 18,235 sq. ft. |
| (ii) Floor area for corridor, stair case, air conditioning plant, lavatories, lifts, etc. | 17,721 sq. ft. |
| (iii) Floor area for accommodation of officers and staff | 20,014 sq. ft. |

Apparently, the cost of Rs. 150/- per sq. ft. has been worked out on the basis of the estimated cost of construction minus the cost of land taking 20,000 sq. ft. as the area. The usual practice, which is also followed in the Central Public Works Department, is to divide the total cost of the building, including lifts and air-conditioning plants, but excluding land, by the plinth area or the built up area to get the plinth area rate per sq.ft. In the Tea Board building the cost per sq. ft. of built up area would be as follows:—

Cost of construction as finally sanctioned	Rs. 38.12 lakhs
Less cost of land	Rs. 5.56 lakhs
	<hr/>
	Rs. 32.56 lakhs

The cost per sq. ft. of the built up area will, therefore, be Rs. 58/- approximately.

The position about the accommodation of the Board and its various offices was reviewed in the year 1962 and based on austerity

standards laid down by Government for office buildings, the requirement of the Board was then 15,471 sq. ft., plus provision for records. The floor space available in the new Tea Board building for the purpose is 20,000 sq. ft. Since then, the volume of work at Headquarters has considerably expanded. The total strength of Gazetted and Non-gazetted staff as on 1st April 1964 being 504 (including 151 attenders and peons) as against 471 (including 132 attenders and peons) as on 1st April 1963, due to increasing tempo of development and foreign promotion work and the available space is fully utilised.

[U.O. No. 5(S) Plant(A)/64 dated the 28th December, 1965.]

Recommendation

The Committee do not think that the inordinate delay of more than three years in completing the works beyond the due date (May, 1959) originally envisaged has been convincingly explained. The case discloses unrealistic planning and lack of drive on the part of the Tea Board to ensure earlier completion of the Works. Due to delays at various stages the rented building could not be vacated as planned. This in turn resulted in the incurring of heavy rent charges (about Rs. one lakh). The Committee suggest that such delays be avoided in future.

[S. No. 24 (Para 24) of Appendix V to the 19th Report (Third Lok Sabha)].

ACTION TAKEN

The recommendation has been noted for guidance.

[F. No. 5(7) Plant(A)/64.]

Recommendation

The Committee would like to be supplied with a copy of the rules framed under Section 10(3) of the Tea Act, 1953.

[S. No. 26 (para 26) of Appendix V to the 19th Report (Third Lok Sabha)].

ACTION TAKEN

At one stage it was thought that it might be necessary for the Central Government to frame rules for the purpose. However, the matter has been examined in consultation with the Ministry of Labour and Employment. Government have no doubt that within the resources allocated for the purpose the Tea Board are making

good use of this fund for labour welfare. The Board are supplementing the provisions made in the Plantations Labour Act by granting scholarships for technical and other education beyond the primary stage and by making grants for the extension of existing educational institutions and facilities in them. A note on the welfare schemes mentioning the guiding principles together with copy of rules* framed by the Tea Board for the grant of educational stipends is attached to this note. However, a large number of beneficiaries at the moment are dependents of the office staff and other staff rather than dependents of workers. It will be the endeavour of the Central Government to see that the Tea Board's current welfare schemes are more labour-oriented than at present.

In the circumstances, the Central Government do not consider it necessary to frame another set of rules for the utilisation of funds earmarked for labour welfare in tea gardens.

**NOTE ON THE VARIOUS LABOUR WELFARE ACTIVITIES CONDUCTED BY THE
TEA BOARD**

The Tea Board in pursuance of the provisions of the Tea Act, 1953, have been making grants for welfare of the tea Plantation workers and their dependents. Prior to the enactment of the Tea Act, 1953, the late Central Tea Board also sanctioned a total grant of Rs. 3,99,999 to various State Governments for conducting labour welfare activities amongst the tea plantation workers in the respective tea producing States.

In order to assist the Board to conduct the labour Welfare activities efficiently, the Government constituted a Labour Welfare Committee under the Board as a Standing Committee and approved of the following functions for the Committee:—

- (i) to formulate an overall programme of labour welfare in terms of Section 10(I) of the Tea Act, 1953, ensuring that the funds available are utilised for urgent needs not covered by the statutory obligations of tea garden owners;
- (ii) to examine and recommend Labour Welfare Schemes to the Board in this connection, specially to consider whether the scheme would create enthusiasm and incentive among the workers;
- (iii) to frame guiding principles for the grant of financial assistance like Educational Stipends, grants to hospitals and schools, grants for encouraging sports and scouting;
- (iv) to frame guiding principles for any other welfare activities of the Board; and

*Not printed.

- (v) to ensure that funds sanctioned for particular labour welfare schemes are properly utilised.

The Board's Labour Welfare Schemes may be broadly categorised under the following two heads:—

- (1) Educational Stipend Scheme, and
- (2) General Welfare Schemes.

Educational Stipend Scheme

This scheme is directly operated by the Board. Under this scheme educational stipends in the form of tuition fees, hostel charges and lump grants are paid to the children/dependants of tea garden workers as also to other categories of workers engaged in the tea industry. Stipends are paid for all categories of education above the primary stage. The Board formulated detailed rules for the scheme, a copy of which is enclosed. During 1963-64 and 1964-65 a total sum of Rs. 6,26,009.29 and Rs. 7,76,763.91 respectively was spend for payment of educational stipends.

The Board's Educational Stipend Scheme has become very popular and the number of stipend-holders is gradually increasing year by year as will be evident from the following figures. Statements of the stipend applications received and sanctioned under different pay-groups during 1963-64 and 1964-65 are enclosed.

Year	No. of stipend applications received	No. of stipend applications sanctioned	Amount spent
			Rs.
1961-62	3975	3224	2,81,989.00
1962-63	7136	5506	6,06,333.00
1963-64	9107	7319	6,26,009.00
1964-65	10274	8569	7,76,764.00

General Welfare Schemes

These schemes may be broadly categorised under the following different heads:—

- (i) Capital grants towards construction of hostels attached to Schools and Colleges and extension of School buildings;

- (ii) Capital grants for construction/extension of hospital buildings and purchase of equipment;
- (iii) Recurring grants for encouragement of Scouting activities, sports, youth camps, rallies etc;
- (iv) Capital grants towards purchase of publicity equipment including cinema apparatus and mobile vans;
- (v) Capital grants for setting up of welfare centres;
- (vi) Technical/Vocational Training.

Capital grants for construction of hostels and extension of School buildings.

For the purpose of considering a grant under this head the Board accepted certain broad principles as follows:

Grant for the purpose is generally given on a matching basis in cases where such assistance helps in providing facilities for dependants of garden workers where none exists or if these exist are inadequate. Proposals in this regard are not initiated by the Board but are received for consideration from State Governments, Producers' Associations or from the Institutions themselves. Grants are made on the merits of each individual case but the following principles are generally borne in view while considering a grant:

- (a) An Institution applying for the Board's grant must be recognised;
- (b) In case of technical/vocational Institutions the nature of training should be such that employment, after the training is over, is reasonably assured;
- (c) Concessional facilities in the form of free studentship, rent-free seats in the hostels are secured for tea garden students so that the amount of concessions covers the amount of grant within a period of say 30 years.
- (d) Institution should adequately cater to the needs of the tea garden workers and be preferably located in a tea area;
- (e) The rate of grant should not ordinarily exceed Rs. 2,500 per seat;
- (f) The institution should accept a Board's nominee on its Managing Committee/Governing Body who would look after the utilisation of the Board's grant;

- (g) The recipient should execute an agreement with the Board in the prescribed form for fulfilling the conditions attached to the grant, a specimen copy of which is enclosed.*
- (h) The Board's capital grants for construction purposes are disbursed in the following manner:—
- (i) 25 per cent on completion upto plinth level;
 - (ii) 50 per cent on completion upto roof level; and
 - (iii) Balance 25 per cent on submission of a completion certificate.

The last instalment of the grant is released on submission of a audited statement of accounts and expenditure of the entire project.

The amount sanctioned and disbursed under this head during 1963-64 and 1964-65 are as follows:—

	Amount sanctioned	*Amount disbursed
	Rs.	Rs.
1963-64	3,82,519·00	1,43,265·00
1964-65	1,55,535·00	67,750·00

(*As the capital grants are released on the progress of construction works, the total amount sanctioned in a particular year cannot be fully disbursed within the year. As a result a portion of grants sanctioned during the previous years remain undischursed. The expenditure shown also includes undischursed grant of the previous years.)

During 1963-64 and 1964-65, 231 rent-free seats have been secured permanently for tea garden students in the hostels attached to 8 educational institutions in addition to facilities for free and half-free studentships for garden students.

Capital grants for extension of medical facilities.

The Board under this head sanction capital grants to Hospitals/ Clinics for extension of specialised treatment facilities for tea garden workers other than those available in garden hospitals. These specialised facilities include treatment of T.B., Leprosy, eye diseases, surgery, X-Ray etc. Under this head recurring grants are also made for payment of hospital charges in respect of specialised beds reserved by the Board for tea garden patients. The amount sanctioned and

*Not printed.

disbursed during 1963-64 and 1964-65 under this head are as follows:—

	Amount sanctioned	*Amount disbursed
	Rs.	Rs.
1963-64	1,32,000·00	25,809·53
1964-65	1,96,067·26	1,18,655·00

(*As the capital grants are released on the progress of construction works, the total amount sanctioned in a particular year cannot be fully disbursed within the year. As a result a portion of grants sanctioned during the previous years remain undisbursed. The expenditure shown also includes undisbursed grant of the previous years).

During 1963-64 and 1964-65 against the Board's grants, 174 beds have been reserved in 6 hospitals for tea garden patients for specialised treatment of T.B., Leprosy and Cancer.

Recurring grants for encouragement of Scouting activities, sports, youth camps, rallies etc.

For introducing a sense of discipline amongst the boys and girls in the tea plantations, the Board is providing funds for development of Scout and Guide Movement in the tea areas. With financial assistance from the Board, the Bharat Scouts and Guides Association in the tea producing States have employed whole-time Scout/Guide Organisers exclusively for organising Scouting/Guiding activities in the tea estates. The Board have sanctioned grants for employment of 12 Scout Organisers and 4 Guide Organisers for the purpose in North and South India. The Board also provide funds for organising training camps, rallies etc. for the tea garden Scouts/Guides. Annual uniform grant is also paid to the tea garden Scouts and Guides. At present 364 units consisting of about 10,000 Scouts, Guides etc. are functioning in the tea plantations in India.

Although it is obligatory on the part of the garden managements to provide facilities for sports and games, there is no scope at present for the garden workers to meet on a common platform to show their athletic talents. The Board sanctioned grants to different tea Producers' Associations for organising Sub-district and District Athletic Sports Meet of tea garden workers and their dependants. During 1963-64 and 1964-65 the total amount spent under this head are as follows:—

	<i>Amount spent</i>
	Rs.
1963-64	1,03,842·00
1964-65	72,074·94

Capital grants towards purchase of publicity equipment including cinema apparatus and mobile vans.

Grants are made to several State Governments for purchase of cinema equipment and mobile vans for showing instructive films to the tea garden workers on the understanding that the recurring cost involved will be borne by the State Government concerned. No grants has been made under this head during 1963-64 and 1964-65.

Capital grants for setting up of welfare centres.

Some of the State Governments in the tea producing States took initiative in setting up of welfare centres in the tea areas and the Board made capital grants for the purpose on the understanding that the recurring cost involved in running the centres will be borne by the respective State Governments. So far grants for setting up of 47 welfare centres had been made by the Board. These welfare centres provide facilities for recreation, adult education, vocational training etc. for tea garden workers. No grants have however been made under this head during 1963-64 and 1964-65.

Training

For gainful employment of the children/dependants of tea garden workers the Board provide funds to technical/vocational Institutions for arranging technical/vocational training for the dependants of tea garden workers. Capital grants were made to some Institutions for imparting training in technical/vocational trade prior to 1963-64 and seats have been reserved in these Institutions for the children/dependants of tea garden workers. During 1963-64 and 1964-65 the following amount was spent for payment of stipend to the tea garden trainees under the scheme:—

	<i>Amount</i>
	<i>Rs.</i>
1963-64	1,395·00
1964-65	2,100·00

So far, against the Board's capital grants 86 seats have been created in 5 Technical/Vocational Institutions for training of tea garden candidates.

Tea Board

14, Brabourne Road,
Calcutta-1.

No. 6(1)/WL/60/450.

Dated, Sept., 1965
10th Magha, 1886

To

ALL TEA PRODUCERS' ASSOCIATIONS.

Dear Sirs,

I am directed to say that the Tea Board has been pleased to enhance the scale of assistance in respect of Hostel Charges from 1965-66 academic session onwards.

The revised rates of Hostel charges effective from 1965-66 academic session are given below:—

Types of Education	Existing ceiling rates of Hostel Charges		Revised ceiling rates of Hostel charges	
	Full	Half	Full	Half
	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.
1. Secondary	25.00	12.50	30.00	15.00
2. College (General) upto Degree classes.	30.00	15.00	35.00	17.50
3. Post Graduate Courses.	40.00	20.00	45.00	22.50
4. Technical Degree Courses	40.00	20.00	45.00	22.50
5. Diploma/Vocational Trade/Certificate Courses	30.00	15.00	35.00	17.50
6. Physically Handicapped Mentally Deficient	25.00		35.00	..

The rates mentioned above are subject to the existing terms and conditions of the Boards' Stipend Rules, a copy of which is attached.

It is requested that wide publicity may kindly be given especially in regard to the enhancement of the scale of assistance in respect of Hostel charges and the revised rates thereto among those for whom they are intended.

Yours faithfully,
Sd/- JAMINI SARKAR,
Secretary,
Labour Welfare Committee.

Copy to:—

- (1) The Secretary to the Govt. of India, Ministry of Commerce, Plantation (A) Section, New Delhi.... (4 copies).
- (2) All Members of the Board.
- (3) All Central Trade Union Organisations.... (10 copies each).
- (4) The Finance Officer, Tea Board, Calcutta.
- (5) The Welfare Liaison Officer (S), Tea Board, Club Road, Coonoor, Madras State... (100 copies).
- (6) All Zonal Officers, Tea Board.

Sd/-
Secretary,
Labour Welfare Committee.

Recommendation

The Committee are not quite convinced with these arguments. They feel that it should be possible for the Directorate of Exhibition to handle all the work connected with Exhibitions. Other organisations like the S.T.C. and H.&H.E.C. can entrust the work in connection with exhibitions to one of the officers. That officer should remain constantly in touch with the Directorate of Exhibitions and supply them with such data and information as required from time to time. The Committee would like the Ministry to re-examine this question in the light of the Committee's observations.

[S. No. 97 (Para 105) of 23rd Report (3rd Lok Sabha)].

ACTION TAKEN

It will be observed from sub-para (1) of this para that the then Secretary, Ministry of Commerce & Industry and the Chairman, S.T.C.
245 LS.—2.

had explained the distinctly different character of the staff engaged and functions performed by the Directorate of Exhibitions and the other units like the S.T.C. and the type of work being done by them was such that it could not be handled by the Directorate of Exhibitions. It seems necessary to marshal the facts once again in the light of the developments since then.

So far as the Exhibition Cell in the S.T.C. is concerned its responsibilities have since considerably increased. In 1964 the S.T.C. was asked to arrange, without any assistance from the Directorate of Exhibitions, India's participation in two international fair viz., Helsinki Autumn Fair 1964 and arrange to send samples and implement the fair quota allotted to India at the Izmir International Fair 1964. (viz. Ministry of International Trade D.O. No. 3-Exh (20) PL/63, dated 23/24th January, 1964). Besides, the S.T.C. was also required to procure samples, arrange participation of its associates and to co-ordinate the trade activities of the Indian Trade Teams in the following fair in the East European countries:—

1. Budapest International Fair (Hungary) May, 1964.
2. Poznan International Fair (Poland) June, 1964.
3. Zagreb International Fair (Yugoslavia) Sept., 1964.
4. Brno International Fair (Czechoslovakia) Sept., 1964.
5. Leipzig Spring Fair (GDR) from 28th February, 1965 to 9th March, 1965.

The list of fairs and exhibitions in which the STC has participated or proposes to participate during 1965-66 is enclosed. Arranging effective participation by its associates, sending samples, procuring literature and prices for the various products so that business could be negotiated on the spot, calls for considerable staff work. It is the responsibility of the Exhibition Cell of the Corporation to guide the various Divisions viz. Engineering, Chemicals, Agricultural Products, Leather & Leather Manufacturers, Consumer Goods to activate their associates, collect the samples and arrange their despatch. Also it has to keep a watch on the final despatch of the various items sent to the exhibitions and finalise the accounts of participation.

The work of the Exhibition Cell, in brief, is four fold:

- (i) Organisation of Exhibitions and Fairs abroad.
- (ii) Co-ordination of trade activities.
- (iii) Utilisation of Fair Quotas.
- (iv) Participation in Exhibitions in India.

As regards (i) it may be submitted that participation in each exhibition involves a lot of preparatory work sufficiently in advance. The scheme has to be prepared for each fair separately, lay out of the pavillion designed and goods selected for display, keeping in view the marketing possibilities. Circular letter, skeleton scheme, terms and conditions etc. have also to be prepared for each fair and issued to the trade. Simultaneously budget estimates have to be prepared for each fair, accounts maintained and rendered. Proper account of the goods procured/purchased has also to be kept. Personal contacts have also to be established with the various departments of the Government of India *viz.* Ministry of Commerce, Finance, I. & B., Railway Board etc. and the foreign embassies in India. Further, list of participants have to be screened, exhibits approved for display and shipping arrangements made for timely despatch to the countries concerned. The Reserve Bank of India has also to be approached at the same time for the release of foreign exchange to the Indian participants who propose to send their representatives to the fairs for negotiation of business on the spot.

As regards (ii), the STC is required to co-ordinate the trade activities of Indian Participants present at the fairs/exhibitions abroad. While the Diectorate of Exhibitions/Indian Council of Trade Fairs & Exhibitions, Bombay, attends to the organisation of the Indian pavillion, the STC's representative co-ordinates the trade activities, answers trade enquiries, studies the foreign markets and negotiates business on the spot wherever possible on terms favourable to the country. He also looks after the interest of the absentee parties. In this connection the Exhibition Cell is required to collect detailed information regarding prices, qualities, quantities etc. in respect of each of our exportable products, so as to enable our representatives to negotiate and clinch business during the fair.

The Exhibition Cell is also required to assist the Exhibition Directorate/I.C.T.F.E. in the procurement and despatch of right type of goods for display. Accordingly it has to approach its business associates and persuade them to participate. Arrangements have also to be made wherever necessary, for the despatch of goods by sea or air freight.

As regards (iii), the Exhibition Cell has a special role to play in respect of fairs which carry fair quotas *viz.* Izmir International Fair, Turkey. All reasonable facilities have to be provided to the foreign delegations in the purchase of goods, introduce them to the Indian suppliers and help in negotiation and finalisation of business deals. All documents pertaining to these exports are examined and processed for payment in this Cell. Payment to the Indian suppliers

against shipping documents and the realisation of the sale proceeds from the foreign buyers are also undertaken by it. All this involves considerable work and correspondence with the Ministry, Indian embassies abroad, Foreign buyers, Indian/Foreign Banks besides the numerous suppliers in India. In this connection, it may be mentioned that Quota allotted to India on participation in the Izmir International Fair, August 1965 amounts to Rs. 18.50 lakhs approximately.

As regards (iv) the Exhibition Cell is required to arrange S.T.C.'s participation in selected fairs/exhibitions in India in order to educate the public about activities of the STC and the role it plays in India's foreign trade. The preparation of them for display of goods etc., in this connection, have all to be arranged by the Exhibition Cell of the STC.

From above it would be evident that the functions and duties of the Exhibition Cell are numerous and quite separate from that of the Exhibition Directorate, which are not responsible for the commercial success of the fair. The existing staff consisting of 1 Inspector, 1 U.D.C. & 1 L.D.C. is not at all adequate enough to cope with heavy work involved. It is absolutely essential, if it is to function successfully and discharge all its responsibilities in the best interest of export promotion that it would be immediately strengthened.

[No. 28/15/64-ST].

LIST OF INTERNATIONAL FAIR/EXHIBITION IN WHICH THE STC PROPOSE TO PARTICIPATE DURING 1965-66.

I. Events being organised by the Ministry of Commerce (Exhibition Branch), New Delhi.

1. Izmir International Fair, Izmir (Turkey),
(20th August to 20th Sept., 1965).
2. Damascus Int. Fair, Damascus (Syria),
(25th August to 20th Sept., 1965).
3. Anuga Fair, Cologne (West Germany),
(25th Sept., to 3rd October, 1965).
4. 3rd Int. Sydney Trade Fair, Sydney (Australia),
(19th to 30th Oct., 1965).
5. Tunis Int. Fair, Tunis, Tunisia,
(Oct., Nov., 1965).
6. Indian Exhibition in Singapore (Malayasia),
(date to be fixed).
7. Wholly Indian Exhibition, Mexico,
(date to be fixed).

II. Events being organised by the Indian Council of Trade Fairs and Exhibitions, Jhansi Castle, Cooperage Road, Bombay-1.

1. Budapest Int. Fair, Budapest (Hungary),
(21st to 31st May, 1965) (already over),
2. Poznan Int. Fair, Poznan (Poland),
(13th to 27th June, 1965).
3. Indian Exhibition, Belgrade (Yugoslavia),
(3rd to 18th July, 1965).
4. Leipzig Spring Fair, Leipzig (F.D.R.) March, 1966.

Recommendation

The Committee feel that it would have been better to amend the 'Rubber Act' to provide specifically for recovery of difference between landed price of the imported rubber and the indigenous price of the raw rubber in cases where manufacturers of rubber products were allowed to import rubber. They desire that an early opportunity should be taken to amend the Act suitably. The Committee also desire that suitable machinery should be devised to ensure that the amounts due to the Pool Fund are properly assessed and realised.

[S. No. 12 (Para 12), 35th Report (3rd Lok Sabha)].

ACTION TAKEN

Necessary amendments to the Rubber Act have been proposed and are under consideration in the Ministry of Law. It has been proposed thereon that the arrears of price differences should be collected as arrears of land revenue.

In the amendments proposed to be issued to the Rubber Rules after the amendment of the Act, the Rubber Board has made it obligatory on the part of the importing manufacturers to produce a report from a Registered Auditor certifying the correctness of the particulars furnished by him. This will ensure that the amount has been properly assessed.

Recommendation

The Committee would like to be informed of the recovery of the arrears of Rs. 3 lakhs from importers of rubber.

[S. No. 13 (Para 13), 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The amount outstanding for collection on account of price difference as on 16th August, 1965 is Rs. 13,000/- only.

Recommendation

The committee feel that it would have been better to amend the Coir Board Act to make provisions for payment to the Board from Consolidated Fund of India in excess of the net collections on account of proceeds of the cess levied under the Act and recourse should not have been taken to the provisions of Article 282 of the Constitution. The Committee hope that such cases would not recur in view of the fact that Coir Board Act has been amended.

[S. No. 14 (Para 14) of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

The advice of Committee has been noted.

Recommendation

The Committee feel that the work of purchasing the building for the Central Coir Research Institute and making it fit for utilisation has been carried out in halting manner with the result that the building which was purchased in 1958 could not be properly utilised till date. The Committee regard this as a very unsatisfactory state of affairs. They hope that the work in question will be now completed early and that such delays would be avoided in future.

[S. No. 15 (Para 15) of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

After the initial delay in the setting up of the laboratories, work has been proceeding in full swing. All the equipments/machinery purchased for the Central Coir Research Institute have been installed/commissioned as per the requirements of work. The Committee's advice has been noted for future guidance.

Recommendation

The Committee trust that in future as soon as money is collected by the Rubber Board, it would be credited to Government and no deviation made from the established procedure.

[S. No. 16 (Para 17), 35th Report (3rd Lok Sabha)].

ACTION TAKEN

Under Section 12(2) and (7) of the Rubber Act, the excise duty on rubber has to be paid to or collected by the Rubber Board and

the Rubber Board has to credit the proceeds to the Consolidated Fund of India. Bulk of this revenue is received by cheques/drafts. The Board is having 'Excise duty current accounts' with the Bank of India, Cochin, for realisation and credit of these cheques/drafts. The amounts thus credited to the Excise duty account with the Banks are withdrawn on receipt of intimation from the Banks and remitted to the Treasury to the credit of the Consolidated Fund. The above procedure is causing some time lag in the credit of the collections to the Consolidated Fund. The Board is endeavouring to remit the proceeds weekly to the Consolidated Fund. In order to avoid the delay in crediting the amount, the Board submitted a proposal for allowing the manufacturers of rubber goods to remit the amount by drafts at par in the Treasury at Kottayam and for amendment of the Central Government, Treasury Rules. The Ministry of Finance have not agreed to the amendment of the Treasury Rules and have suggested that the Rubber Rules may be amended so as to permit the manufacturers of rubber goods to credit the cess at the nearest Treasury. Amendment of the Rubber Act and Rules are under examination.

Recommendation

The Committee would like to invite attention in this connection to their recommendation in para 37 of their 21st Report (3rd Lok Sabha) wherein they had observed that they were far from happy at the slow progress in the finalisations of the assessment of the cess on Rubber. The Committee regret to learn that out of 3,05,418 units for assessment during the period 1st January 1955 to 31st December, 1964, the number of units already assessed upto 31st December, 1964 was 1,61,817. This clearly points to the need for streamlining the machinery for effecting assessments. The Committee would like the Ministry to take proper steps in this direction and inform the Committee of the tangible results achieved.

[S. No. 17 (Para 18), 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The present position regarding the assessment of cess from producers is as shown below:

Units :

1. Estimated total number of units for assessment from 1-1-1955 to 31-3-1961.	3,05,418
2. Number of units assessed upto 31-12-1964 .	1,61,817
3. Number of units assessed from 1-1-1965 to 31-10-1965	32,041
4. Balance number of units pending assessment on 31-10-1965.	1,11,566

Amount of Cess :

5. Estimated production of rubber from 1-1-1955 to 31-3-1961 on which cess is leviable from producers	1,47,520 Tonnes
6. Cess leviable on the above estimated production	Rs. 1,93,16,031
7. Cess assessed upto 31-12-1964	Rs. 1,42,31,169
8. Amount covered by assessments made from 1-1-1965 to 31-10-1965	Rs. 2,17,580
9. Balance amount assessable at the above estimates.	Rs. 48,67,282*

*NOTE.—(The Estimate of Rs. 1,93,16,031/- as cess leviable from producers during the period from 1st January, 1955 to 31st March, 1961 was made on the basis of statistics of consumption and also of the production of big estates mainly company estates. The estimated balance of Rs. 48,67,202/- still pending assessment relates to small holdings of mostly below 5.00 acres in extent. In actuality it has been seen that the rate of production from such small holdings is far below that of large estates. According to the latest estimates arrived at by the Board, in January, 1965, the amount pending assessment as on 31st December, 1964 could not have been more than Rs. 20 lakhs. On the basis of this, the arrears in assessment as on 31st October, 1965 would be only Rs. 17.8 lakhs).

An Officer on Special Duty, with necessary staff, for expediting assessment of pending units has already been appointed with effect from 18th September, 1964. During the period from 1st October, 1964 to 31st March, 1965 the Officer on Special Duty had completed assessments of 7,948 units. This progress, which was considered fairly satisfactory, taking into account the difficulties that had to be faced on account of the formalities to be complied with, indicated that, at best, only 15,000 units could be assessed during a year by one Officer. The Board has, therefore, since created two more posts of Officers on Special Duty and appointed two Field Officers to these posts with effect from 19th April, 1965. It is considered that with these three Officers working it would be possible to complete the work within two to three years.

It may be necessary to appoint extra clerical staff and inspecting staff to assist the Officers on Special Duty in their work. This will be examined later, after the progress of work of the two Officers has been examined.

Very meagre expenditure incurred out of the Pool Fund, and the heavy closing balance of the Fund, year after year, seem to indicate that the Rubber Board has not succeeded in its objectives of developing rubber plantations and rehabilitating small growers. The Committee would like the Ministry to pay attention to these two aspects.

[S. No. 18 (Para. 10), 35, Report, L.S.]

ACTION TAKEN

The main schemes of assistance to the Small Growers which are financed from the Pool Fund are:—

- (a) Supply of Fertiliser Mixture at subsidised rates under the Replanting Subsidy Scheme.
- (b) Supply of Sprayers and Dusters.
- (c) Supply of Planting Materials at Subsidised rates.
- (d) Supply of Copper Sulphate at Subsidised rates through Co-operative Societies.
- (e) Loans for Newplanting.
- (f) Loans for Upkeep of Immature Rubber Areas.
- (g) Subsidy towards Co-operative Societies to meet the expenditure on the construction of Smoke Houses.
- (h) Loans to Co-operative Marketing Societies.

The Scheme (e) to (h) started functioning in 1963-64. But there were some initial difficulties. In the case of (e) and (f) the estates had to be inspected, the title to securities offered had to be proved, and the Mortgage Bonds had to be executed by the Planters. In the case of (g) and (h) the Societies had to be organised, the bye-laws of the Societies to be amended suitably to provide for the loans being taken from the Board and Mortgage Bonds had to be executed by the Societies, after approval by the Registrar of Co-operative Societies. So the schemes could not make any headway in 1963-64. There has been an improvement during 1964-65 in the case of schemes (e), (g) and (h). A sum of Rs. 9,16,000/- was incurred during 1964-65 on all the schemes as shown below:—

(a) Cost of Fertiliser Mixture supply	Rs. 4,47,630/-
(b) Purchase of Sprayers and dusters	Rs. 68,968/-
(c) Supply of Planting Materials at subsidised rates	Rs. 40,782-

(d) Supply of Copper Sulphate at subsidised rates.	Rs. 30,160
(e) Newplanting Loans	Rs. 91,386
(f) Loans for Upkeep of Immature Rubber areas.	Rs. 24,390
(g) Grants to Co-operative Societies for construction of Smoke Houses.	Rs. 32,500
(h) Loans to Co-operative Marketing Societies.	Rs. 1,80,000
	Rs. 9,15,816

The expenditure incurred during the year 1962-63 and 1963-64 was as follows:—

1962-63	Rs. 1.47 lakhs
1963-64	Rs. 2.18 lakhs.

The Board at its Meeting held in March, 1965 approved of various schemes of assistance to small growers to be met from the Pool Fund and also revised some of the existing Schemes. A statement specifying the new Schemes and the financial commitments involved on the Schemes as a whole and for the year 1965-66 is given below:—

Name of Schemes	Total estimated expenditures	Estimated expenditure for the year 1965-66
	Rs.	Rs.
1. Subsidy towards Copper Sulphate	4,50,000/-	1,50,000
2. Supply of Manure to Small growers owning estates upto acres 15	1,40,000	16,000
3. Grants to Co-operative Societies for construction of Smoke Houses.	30,000	10,000
4. Purchase of shares in Co-operative Societies	1,50,000	..
5. Managerial Subsidy to Co-operative Societies	35,000	..
6. Tappers' Training School	13,000	12,500
7. Demonstration Trial Plots	1,80,000	15,000
8. Small Holders' Advisory Services.	1,78,400	73,500
	11,76,400	2,77,000

Loan Expenditure

9. Supply of Rollers on Hire-purchase system Rs. 42,000.
 10. Loans to Co-operative Marketing Societies Rs. 2,00,000.

All the Scheme mentioned above have been approved by the Government except Managerial Subsidy, Small Holders' Advisory Services and Hire-purchase of rollers. The Schemes are under examination in consultation with the Ministries of Law and Finance, as to whether the expenditure on the schemes can be met from the Pool Fund and, if so, the form of amendment to be carried out to the existing Rubber Rules, 1955.

It has also been decided by Government in November, 1965 that the payment of replanting subsidy to small growers may be debited to the Pool Fund with effect from 1st April, 1965.

Recommendation

The Committee would like these 3 outstanding cases to be settled at an early date.

[Sr. No. 83 (para 86) of Appendix XXVII of Thirty-ninth Report (Third Lok Sabha)].

ACTION TAKEN

The present position of the three cases referred to in the P.A.C's above quoted recommendation is indicated below:—

- (1) *Case of late Shri* *formerly Section Officer in the Ministry of Commerce.*

The case has since been processed by the Audit Office (i.e. Office of the A.G., C. & M., New Delhi *vide* their letter No. PN/1(176)AP 242/64-65-7351-52, dated the 1st February, 1965 for payment of family pension/gratuity. But the sanction to release pension could not be issued due to the fact that late Shri has left behind two surveying widows. According to rules on the subject, family pension is admissible only to the senior widow with reference to the date of marriage. In this case both the widows have put in their claim of the grant of pension. In order to establish claim of one of the widows, they were asked to produce evidence from the Court of Law in support of their claim. Although both the widows have informed that they have applied to the Court of Law for issue of "Succession Certificate" in their favour, the succession certificate is still awaited. The pension/gratuity claim can be finalised only on receipt of the succession certificate.

- (2) Case of late Shri _____, formerly lower Division Clerk in the office of the Controller of Enemy Firms and Enemy Trading & Custodian of Enemy Property.

Late Shri _____ proceeded on leave with effect from 1st July, 1963 and subsequently applied on 31st August, 1963 for premature retirement with effect from 1st November, 1963. His pension papers were forwarded by the Department to the Audit Office on 30.11.1963 and necessary authority of pension and death-cum-retirement gratuity was issued by Audit Office on 30th April, 1964. The official, however, dies on 3rd May, 1964 before receiving any pension and death-cum-retirement gratuity. Necessary papers for the payment of Death-cum-Retirement gratuity due to late Shri _____ and family pension to his heir were sent to Audit Office in September, 1964 and authority for death-cum-retirement gratuity was issued by the Audit Office, on 17th October, 1964. The authority for payment of final pension at the revised rate was also issued after correspondence by the Audit Office on the 26th April, 1965. The case has, thus been finally settled.

- (3) Case of late Shri _____, formerly Controller, Office of the Joint Chief Controller of Imports and Exports, Calcutta.

The case regarding payment of family pension to Mrs. widow of late Shri _____ has since been finalised and arrangement for payment of family pension has been intimated by the Deputy Accountant General, C.W.&M., Calcutta to the A.G. West Bengal, Calcutta in his letter No. Pen.III(34A)/84-86, dated 20th May, 1965. But the Pension payment order was held up by the Accountant General, West Bengal as he wanted to know the nationality and religion of the pensioner. Necessary information has, however, since been sent to the Accountant General, West Bengal by the widow of the deceased.

APPENDIX VII

MINISTRY OF EDUCATION

Recommendation

The Committee observe that the unspent balances with the 10 Regional Colleges at the end of March, 1962 amounted to more than Rs. 55 lakhs (about 30 per cent of the total Grant). It is, therefore, evident that the Grants released during 1960-61 and 1961-62 were much in excess of the requirements of the Colleges. They desire that in order to avoid such large unspent balances in future, the Ministry should properly scrutinise the demands from the colleges for grants-in-aid in the light of periodical progress reports of expenditure received from them and only as much of the grant should be released as is likely to be spent by them during a particular period of time. The Committee would also like the Ministry to ensure that the audited statements of accounts are received regularly in future.

[S. No. 5 of Appendix III to 24th Report (1963-64)]

ACTION TAKEN

(i) Observations noted for future guidance in the Ministry.

(ii) Extracts of the observations of the P.A.C. have been forwarded to all the Regional Engineering Colleges on 14.5.1964 with the request that they may submit audited statements of accounts to the Ministry regularly.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR5-7/64-65/408 dated 5-10-64).

[U.O. No. F.2-7/64-T.7 dated 15th June, 1965].

Recommendation

The Committee cannot help observing that it was not proper for the Institute to have kept the amount (Rs. 34,100) received from the students towards examination/admission fee in the personal account of the Principal instead of in the account of the Institute. It was all the more objectionable that this amount should not have been even entered in the cash book of the Institute. The Committee trust that such cases will not recur.

[S. No. 6 of Appendix III to 24th Report (1963-64)]

ACTION TAKEN

The observations of the P.A.C. were forwarded to the Regional Engineering College, Jamshedpur on 11th May, 1964 with the request that they may ensure that such cases will not occur in future.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR5-7/64/65/408 dated 5.10.64).

[U.O. No. F.2-7/64-T.7 dated 15th June, 1965]

Recommendation

The Committee are not satisfied with the explanation in this case relating to appointment of the Architects. Even granting that the services of the architects were required for the preparation of designs and drawings for the buildings, they are not convinced about the need of their services even for the preparation of detailed estimates, tender forms and reinforcement calculations etc. when there was a separate Engineering Unit for the construction headed by a Resident Engineer (a retired Superintending Engineer re-employed for the purpose). The Committee understand from the Audit that the payment of Rs. 60,000 to the architects related only to the instructional buildings. In addition, the architects would have to be paid Rs. 60,000 for residential houses and Rs. 30,000 merely for purchasing right for repetition. In the opinion of the Committee considering that there was a separate Engineering Unit for construction work, the payment of Rs. 1.50 lakhs to the architect was on the high side.

[S. No. 7 of Appendix III to 24th Report (1963-64)].

ACTION TAKEN

The observations of the PAC have been circulated to the Regional Engineering Colleges.

The Indian Institute of Architects have published a brochure which gives (a) the fees payable to architects and (b) the duties and responsibilities of the architects in the following terms:

“For taking the Client’s instructions, preparing sketch designs, making approximate estimate of cost by cubic measurements or otherwise, submitting applications for buildings or other licences and town planning, local authorities or other approvals, preparing working drawings, specification or such particulars as may be necessary for the preparation of bills of quantities or for the purpose of obtaining tenders, advising on tenders and preparation of contract, nominating and instructing Consultants (if any), preparing for the use of the Contractor two copies of the

contract drawings specifications, or other particulars and such further details as are necessary for proper carrying out of the works, giving general supervision as defined in the conditions of engagement, issuing certificates for payment, and certifying accounts, exclusive of the services enumerated in Clauses B5 and B14, the charge is to be a percentage on the total cost of all executed works as follows:

1. If the cost of the executed works exceeds Rs. 50,000 the percentage is 6 per cent.
2. If the cost of the executed works does not exceed Rs. 50,000 the percentage is 10 per cent in the case of works costing Rs. 2,500 graduated to 6 per cent in the case of works costing Rs. 50,000.
3. When work is executed wholly or in part with old materials, or where material, labour or carriage is provided by the client, the percentage shall be calculated as if the works had been executed wholly by the Contractor supplying all labour and materials.
4. In addition to a percentage on the total cost of the executed works, the Architect is entitled to charge in respect of all works included in the tenders, but subsequently omitted, two-thirds of the charge which would have been payable had they been executed."

Having regard to the above it is respectfully submitted that the preparation of tender forms and detailed estimates is the responsibility of the Architect. Further, against the statutory fee of 6 per cent for Architect's, the Institute has negotiated the services of an Architect at 4 per cent. Thus the payment made to the Architect is not on the high side.

On the question of supervision, the Indian Institute of Architects has laid down as follows:

"The Architect shall give such periodical supervision and inspection as may be necessary to ensure that the works are being executed in general accordance with the contract; constant supervision does not form part of the duties undertaken by him.

In cases where constant superintendence is required, a Clerk of Works shall be employed for this purpose. He shall be nominated or approved by the Architect, and appointed and paid by the Client. He shall be under the Architect's direction and control."

The Engineering Unit has been appointed by the College for the purpose of effecting constant supervision of works which, as will be seen from the above, is not the responsibility of the Architect.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR5-7/64-65/307 dated the 29th June, 1965 subject to the following audit comment):—

Audit Comment

The note does not give adequate justification why the Architects were entrusted with the work of preparation of detailed estimates, tender form etc., when the College had a technically qualified engineering unit consisting of one Superintending Engineer, two Assistant Engineers and one Junior Engineer, on which an annual expenditure of about Rs. 24,000 was being incurred.

[U.O. No. F. 2-7/64-T.7 dated 29-6-1965]

Recommendation

The Committee regret to note that the work was entrusted to the contractor without executing a formal contract and that even thereafter there had been extraordinary delay in this regard considering that the offer of the contractor was accepted as early as March, 1962. The Committee have repeatedly deprecated the practice of proceeding with the execution of works without entering into formal contract with the contractors. They desire that the formal contract with the contractors should now be executed without any further delay incorporating the revised terms of contract.

[S. No. 8 of Appendix III to 24th Report (1963-64)].

ACTION TAKEN

The observations of the Committee have been communicated to Maulana Azad Engineering College, Bhopal on 8th May, 1964 with the request that they may take necessary and immediate steps for executing the formal contract incorporating revised terms of contract.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR5-7/64-65/408 dated 5-10-1964).

[U.O. No. F-2-7/64-T.7 dated 15th June, 1965].

Recommendations

The Committee are surprised that it should not have been possible for the college to procure a suitable boiler for more than 4 years with the result that the steam turbine with dynamo and condenser purchased at a cost of Rs. 45,000 was lying idle for more than 2 years. They trust that efforts would now be made to procure the boiler and commission the plant expeditiously.

[S. No. 9 of Appendix III to 24th Report (1963-64)].

ACTION TAKEN

The observations of the Committee have been communicated to the Regional College of Engineering, Nagpur on 11th May, 1964 with the request that they should take immediate steps to procure the boiler, which is indigenously manufactured.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR 5-7/64-65/408 dated 5-10-1964.)

[U.O. No. F. 2-7/64-T.7 dated 15th June, 1965].

Recommendation

The Committee regret to note that the Ministry continued to provide large amounts of money in their budget estimates for successive years (Rs. 15 lakhs, Rs. 40 lakhs and Rs. 117.20 lakhs in 1959-60, 1960-61 and 1961-62 respectively) for the implementation of the scheme by the States merely on the basis of discussion at the Conference of Chief Ministers without the State Governments having actually accepted the scheme. Against these liberal provisions in three successive years made purely on a hypothetical basis, only a sum of Rs. 19.64 lakhs was released in 1961-62. The Committee are of the view that the proper course for the Ministry would have been to obtain a grant for only as much amount as was required for payment to the States which had actually accepted the scheme and to obtain supplementary grant during the course of the year, if necessary, according to the response from other State Governments. The Committee trust that the Ministry would be more careful while making provision in the budget for such schemes in future.

[S. No. 10 of Appendix III to 24th Report (1963-64)]

ACTION TAKEN

The observations of the Committee are noted in the Ministry for future guidance.

(This has been vetted by the A.G.C.R. vide their D.O. No. RR 5-7/64-65/408 dated 5-10-1964.)

[U.O. No. F. 2-7/64-T.7 dated 15th June 1965].

Recommendation

The Committee are not satisfied with the explanation in this case. It was admitted by the Secretary during evidence that there

had been negligence in this case. The Committee, therefore, desire that the matter should be looked into and action taken against the delinquent officials.

[Serial No. 11 of Appendix III to 24th Report Third Lok Sabha 1963-64].

ACTION TAKEN

The procedure followed when the delays occurred was that cheques received were dealt with in the relevant files. No register was maintained in which all cheques received were entered and its disposal watched. When Audit pointed out that this system was defective and led to considerable delays in cashing these cheques and that it could be avoided if a Cash book is maintained, action was taken to open a Cash Book from 1st January 1963 and in which all incoming and outgoing cheques are entered. There is, therefore, no likelihood in the future of such delays occurring in the cashing of cheques due to their being misplaced in the individual files.

On the recommendations of the Enquiry Officer, necessary disciplinary action has been taken against the delinquent official, who has been administered a written warning on 16th June 1965 for his carelessness. He has been advised to be more careful in future. The record of this warning has been entered in the register maintained for this purpose in the Ministry. Action is also in hand to record the warning in his character Roll.

[Ministry of Education, Note No. 12-52/62 T.3]

Recommendation

The Committee feel concerned over the unsatisfactory state regarding the review of these accounts and the recovery of outstanding. They desire that special steps should be taken to review all the ledger accounts of the stipendiaries expeditiously and action taken for their recovery. The Committee would like to be informed of the results.

[S. No. 12 of Appendix III to 24th Report, 1963-64].

ACTION TAKEN

Para 94(5)(ii): Review of accounts of stipendiaries.

Out of the sum of Rs. 25,000/- outstanding for recovery out of stipends paid during 1960-61, the balance now to be recovered as

reported by the various Regional Offices is Rs. 20,571.32 Paise as under:—

Northern Regional Office	Rs. 245-37
Western Regional Office	Rs. 215-00
Southern Regional Office	Rs. 3,367-59
Eastern Regional Office	Rs. 16,743-36

A review of the accounts of scholars/stipendiaries has been undertaken and the present position in this regard is as under:—

1. *P.T.S. Scheme.*—It was reported last time that the ledger accounts of about 450 stipendiaries of the year 1949-50 and 1950-51 were examined and that an amount of Rs. 4596-44 was to be recovered. Of this amount a sum of Rs. 1,200/- relating to one Institution has since been finally adjusted and correspondence is going on with other institutions concerned for the recovery/adjustment of the balance amount

The ledger accounts in respect of 2903 stipendiaries of the remaining years *viz.* 1951-52 to 1957-58 has since been examined and the accounts of 2704 stipendiaries out of the total accounts examined have been closed. Action is being initiated to finalise the accounts of the remaining 199 stipendiaries. Besides these, the ledger accounts of 83 stipendiaries of the year 1956-57 and 1957-58 are yet to be examined.

The scrutiny of these accounts shows that a sum of Rs. 23,728-07 Paise is recoverable for these years as follows:—

1951-52	Rs. 1572-56
1952-53	Rs. 2412-86
1953-54	Rs. 96-19
1954-55	Rs. 1931-00
1955-56	Rs. 5160-46
1956-57	Rs. 3815-00
1957-58	Rs. 8740-00
	<hr/>
	Rs. 23,728-07
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The cases of some of the stipendiaries for waiving of recovery of the amount due from them are under consideration.

2. *T.T.T. Scholarship Scheme*.—Under Technical Teachers Training Programme. Out of the remaining amount of the sum of Rs. 46,808·54 Paise, Rs. 22,222·10 Paise have since been recovered. The recovery of the balance is due mostly from ex-trainees, who have been allowed repayment in monthly instalments of Rs. 100/- or Rs. 50/-. Two cases involving recovery of Rs. 17,753·22 Paise are being referred to Law Ministry.

3. Under the Research Training Scholarships Scheme, out of 731 cases, 184 have been finalised and action on 387 cases is in progress. Recovery of Rs. 11,395·95 Paise has been effected so far.

4. Under the National Research Fellowship Scheme, out of 34 cases, 2 cases have been finalised and action on 25 cases has been initiated. Recovery of Rs. 1,121·85 Paise has also been effected.

Recommendation

The reply furnished by Ministry is of an interim nature and the Committee would therefore, await further report thereon.

[S. No. 2 of Appendix III-40th Report (1964)].

ACTION TAKEN

Out of the sum of Rs. 25,000/- outstanding for recovery out of stipends paid during 1960-61, the balance now to be recovered as reported by the various Regional Offices is Rs. 11,689·19 Paise as shown below:

1. Northern Regional Office	Nil
2. Western Regional Office	Nil
3. Southern Regional Office	3,778·88
4. Eastern Regional Office	7,910·31
TOTAL:	11,689·19

1. *Practical Training Stipends Scheme.*

Ledger accounts of all 3473 stipendaries under the Practical Training Stipends Scheme upto the year 1957-58 (Scheme was transferred for implementation to the Regional Offices of the Ministry from the year 1958-59) were reviewed and 3327 complete accounts were formally closed under the signatures of a Gazetted Officer. In the rest of the cases references were made to the training establishments/scholars for disbursement certificates/recoveries. Barring 146 cases where followup action is still in progress, all other accounts have been settled and closed. The amount of recovery still due is Rs. 15,289·08 only.

2. Research Training Scholarships Scheme.

Review of all 2023 accounts under the Research Training Scholarships Scheme upto year 1962-63 which were pending settlement, was completed in October, 1964. 1598 complete accounts were closed under the signatures of a gazetted officer. In all other cases follow-up action was initiated. The settlement of accounts yielded recovery of Rs. 1,26,991.80 from Universities/Colleges. The remaining 425 cases are being vigorously pursued.

3. Technical Teachers Training Programme.

Last time it was reported that out of the remaining amount of Rs. 46,808.54 Paise, Rs. 22,222.10 Paise had been recovered. During the period under report, a further sum of Rs. 7,366.67 Paise has been recovered. An amount of the Ministry of Law. This leaves balance of Rs. 10,334.28 Paise which is still due mostly from the ex-trainees who are already refunding the money in the monthly instalments of Rs. 100/- and Rs. 50/.

4. Under the National Research Fellowship Scheme, out of 34 cases, 6 cases (including 2 cases finalised previously) have been finalised and action has already been initiated on the remaining cases. Correspondence is going on in these cases with the University/Institutions concerned to settle these cases.

[Ministry of Education Note No. F. 12-52/62-T.3].

(This has been vetted by the A.G.C.R. vide their letter, No. RR5-9/64-65/326, dated 2-7-65).

Recommendation

From the facts placed before the Committee it is evident that the grants paid to the Administrative Staff College, Hyderabad were in excess of its requirements. They observe that the grants-in-aid to the College were originally approved on the understanding that the assistance was required by the college in the initial stages only and that it would be able later on to obtain necessary funds from the industrial and commercial organisations, tuition fees and other sources. The Committee are, therefore, not convinced about the justification of fixing a block grant for three years at a time without reserving the right to review the position after the accounts of each year became available. They trust that the grants, if any, to be paid to the college in future would be based on the actual requirements of the college and that efforts should be made to make it self supporting as envisaged by Government.

[S. N. 13 of Appendix III to 24th Report (1963-64)].

ACTION TAKEN

The Government have decided to do away with the system of Block Grants to the Administrative Staff College, Hyderabad, and instead make annual grants to the College for services rendered.

For each course of 12 weeks' duration (three such courses are run by the College every year), the College admits Government servants, both of the Centre and the States, alongwith persons employed in industry, business, universities, etc. In so far as the industry and business is concerned, they become entitled to the privileges of the courses by becoming members for which they pay certain membership fees fixed in accordance with the constitution of the College. This enables the College to cover a portion of its deficit on the running of the courses. Government have agreed that in respect of Government servants admitted to the College, as also those drawn from universities, small-scale industry as well as foreign students admitted at the instance of the Government, an annual grant will be computed to cover the difference between the cost for the training of each participant belonging to the above categories and the tuition and other fees collected from them. Approximately, 50 such participants are sponsored by Government, universities, small scale industry and non-member public sector projects and foreign students. Some of the small scale industries and State Governments make contributions to the College as Associate Members. The receipts from such organisations on account of Associate Membership or any donation that they might make, will also be taken into account in determining the annual grant payable to the College. It has further been decided that the annual grant will not exceed a ceiling of Rs. 1.3 lakhs in any year. This arrangement has been agreed upon for a period of three years beginning from 1963-64.

(This has been vetted by the A.G.C.R. vide their letter No. RR5-7/64-65/307 dt. the 29th June, 65.)

[U.O. No. F. 2-7/64-T. 7 dt. 29-6-1965].

MINISTRY OF FINANCE

(Department of Expenditure)

Recommendation

In the opinion of the Committee in cases where grants are paid to private parties for the construction of buildings etc. and the construction work is undertaken by the CPWD, instead of giving funds to the parties, to be again deposited by them with the C.P.W.D., it may be advantageous to get the building completed and then hand it over to the private party preferably on lease for a nominal

amount. The Committee desire that the feasibility of adopting such a procedure should be examined and the final decision intimated to them.

[Sl. No. 15 of Appendix III to the 24th Report (3rd Lok Sabha)].

ACTION TAKEN

The recommendation has been accepted and necessary instructions have been issued to all Ministries/Departments (*vide* O.M. No. F. 14(6)-E. II(A)/64, dated the 2nd November, 1965) (copy enclosed).

Recommendation

The Committee would like to point out that according to the Secretary's own statement during evidence, in the case of autonomous bodies grants were paid subject to the condition that Government might issue directives on matters of policy. They are, therefore, surprised at the subsequent stand taken by the Ministry about the non-issue of any directive to the Akademi on the plea that there was no provision in this regard in the Resolution setting up the Akademi. The Committee desire that this matter should be reviewed and if there is any lacuna in this regard steps should be taken to remove it.

The Committee desire that in the case of Organisations which are largely or wholly financed by Government, suitable conditions should be attached to the grants made to them providing for effective action by Government in the event of the grants being spent for purposes other than those for which they were made. The Government representative on the Governing Body of such organisations should be required to exercise necessary vigilance and send a report to Government if there was any possibility of the funds being diverted or misused.

[S. No. 18 of Appendix III to the 24th Report, (Third Lok Sabha)].

ACTION TAKEN

In regard to first sub-para of the recommendation, a note has already been submitted to the P.A.C. by the Ministry of Education (*vide* their U.O. Note. No. F. 14-41/62-C-4-Vol. II, dated 23-9-1964).

As regards the second sub-para of the recommendation, instructions have been issued to Ministries providing for the execution of a bond by the grantees that they would be liable to repay in full the grants received from Government in the event of any breach in the observance of the conditions governing the grant-in-aid. Ministries have also been advised to instruct the departmental representatives

on the Governing Bodies of institutions to keep a watch and to report to Government any instances of diversion or misuse of the Govt. grants by the grantees whenever such cases come to their notice in their capacity as members of the Governing Bodies of the institutions. A copy each of the Office Memoranda in question is enclosed [vide O.M. No. F. 14(1)-E-II(A)/64, dated the 23rd September, 1964, 23rd January, 1965, and 23rd June, 1965, and O.M. No. F. 14(16)-E(Coord)/64, dated the 11th November, 1965].

[Min. of Fin. U.O. No. F. 14(16)-E(Coord)/64, dt. 18-12-1965].

No. F. 14(6)-E. II(A)/64

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 2nd November, 1965.

OFFICE MEMORANDUM

SUBJECT:—24th Report of the Public Accounts Committee (3rd Lok Sabha)—Observations/Recommendations at S. No. 15 (para 15) of Appendix III.

The Public Accounts Committee have recommended as follows:—

“In the opinion of the Committee in cases where grants are paid to private parties for the construction of buildings etc. and the construction work is undertaken by the C.P.W.D., instead of giving funds to the parties to be again deposited by them with the C.P.W.D., it may be advantageous to get the buildings completed and then hand it over to the private parties preferably on lease for a nominal amount.”

2. The recommendation has been considered and it has been decided that in cases where the grantee institutions decide to have the buildings constructed the C.P.W.D. out of the grants-in-aid given by Government, the Admn. Ministries concerned should get the buildings constructed through the C.P.W.D. instead of giving grants directly to the grantee institutions, and then hand them over to the latter. The expenditure on such works should be met from the budget grant of the Admn. Ministries and the responsibility for the maintenance of such buildings will vest in the grantee institution concerned.

3. The Ministry of Home Affairs etc. are requested to bring the above decisions to the notice of all concerned for strict compliance.

Sd./- D. S. SANDHU,
Deputy Secretary to the Government of India.

To

All Ministries/Departments, etc., of the Central Government.

No. F. 14(16)-E(Coord)/64

MINISTRY OF FINANCE

Department of Expenditure

New Delhi, the 7th November, 1965.

SUBJECT:—24th Report of the P.A.C. (Third Lok Sabha)—*watch over the proper utilisation of the grants by the grantee institutions—the role of the Government representatives in the Governing Body of the Institutions.*

The Public Accounts Committee have made the following recommendation in para 18 of their 24th Report (Third Lok Sabha) to take effective action in the event of the grant-in-aid being spent by the grantees for purposes other than those for which they were intended:—

“The Government representatives on the Governing Body of such organisations should be required to exercise necessary vigilance and send a report to Government if there was any possibility of the funds being diverted or misused”.

According to Rule 149(1) (a) read with Rule 150 of the General Financial Rules, 1963, the sanctioning authorities concerned have to satisfy themselves, through the scrutiny of audited statements of accounts of the grantees institutions and other periodical reports and statements which may be obtained from the grantees, that the grants have been properly utilised and that the conditions governing the grant-in-aid have been or are being fulfilled and then furnish the necessary utilisation certificates to the Audit Officer/Accounts Officer concerned. Attention is also invited to the instructions in the Finance Ministry's O.M. No. F. 14(1)-E. II(A)/64, dated the 23rd September, 1964 and the 23rd June, 1965, regarding execution of a bond by the grantees. In addition to the above provisions, the Ministry of Commerce, etc. are requested kindly to issue suitable instructions to their representatives functioning on the Governing Bodies of the institutions receiving grants-in-aid to keep a watch over the proper application of the Government grants for the specified objects

and to report to Government any cases of diversion or misuse of the grants coming to their notice in the course of their functions as members of the Governing Body of the Institutions concerned.

Sd./- C. V. NAGENDRA,

Deputy Secretary to the Government of India.

To

All Ministries/Departments of Government of India.

No. F. 14(16)-E(Coord)/64

Copy forwarded to all D.F.As./A.F.As in the Civil Expenditure Divisions for information and similar action.

Sd./- C. V. NAGENDRA,

Deputy Secretary to the Government of India.

COPY OF MINISTRY OF FINANCE/O.M. No. F. 14(1)-E.II(A)/64 DATED THE 23RD SEPTEMBER, 1964. ADDRESSED TO ALL MINISTRIES/DEPARTMENTS.

SUBJECT:—*Financial control over bodies which receive grants-in-aid from the Central Government.*

The undersigned is directed to say that the conditions under which grants-in-aid are sanctioned by the Central Government to private individuals, institutions etc. are provided for under rules 149—153 of the General Financial Rules, 1963. Some of the relevant conditions are—

- (1) The grantee should maintain a register in Form G.F.R. 19 of the permanent and semi-permanent assets acquired wholly or mainly out of Government grants. Every year, a copy of the register should be furnished by the grantee to the sanctioning authority [*vide* Government of India decision 7(b) (ii) below rule 149].
- (2) An institution receiving a grant is to submit its accounts for audit whenever required (*vide* Government of India decision No. 4 below rule 149).
- (3) The grantee is to submit to the certifying officer reports, statements etc. in respect of the expenditure from the grant as and when required by the certifying officer. [*vide* Government of India decision No. 1(a) below rule 150].
- (4) The grant should be spent upon the object within a reasonable time unless a specific time limit has been set by the sanctioning authority [*vide* rule 151(1)(i)].

(5) Any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government [*vide* rule 151(1)(ii)].

2. These existing rules do not, however, provide for any remedy when the grantee fails to comply with the conditions or commits a breach of the conditions under which the grant is made. The undertaking provided for under Government of India's decision 7(b) (i) below rule 149 of the General Financial Rules, 1963, is also not considered adequate to secure compliance of the terms and conditions under which the grant is made.

3. Rule 149 (1) (a) of the General Financial Rules, 1963 lays down *inter-alia* that every order sanctioning a grant should also specify the conditions, if any, attached to it. It has now been decided that before the grant is released, the grantee should be required to execute a bond with two sureties to the President of India that he will abide by the conditions of the grant by the target dates if any specified therein and in the event of his failing to comply with the conditions or committing breach of the bond, the grantee and the sureties individually and jointly will be liable to refund to the President of India the entire amount of the grant with interest thereon or the sum specified under the bond. In special cases in which such a bond is not found feasible and/or, on due consideration, the administrative Ministry decide not to insist upon a bond on the above lines, it would be necessary to work out alternative arrangements in consultation with the Ministry of Law and the associated Expenditure division for ensuring that the interest of Government are safeguarded effectively. These instructions will not, however, apply to grants-in-aid paid to quasi Government or Government aided Organisations and local bodies.

4. The Ministry of Home Affairs etc. are also requested to get the forms of a few typical agreement bonds standardised in consultation with the Ministry of Law.

Sd./- K. SACHIDANANDAM,

Deputy Secretary to the Government of India.

MINISTRY OF EDUCATION

Recommendation

From the facts placed before the Committee, it is evident that there had been lack of coordination between the Central and State Governments in the implementation of the scheme and no serious efforts had been made to ensure the proper functioning of the Vijnan Mandirs. The result was that although about Rs. 15 lakhs had been

spent on the scheme upto 1960-61, the real objective of setting up these Mandirs had not been achieved so far. The Committee hope that with the transfer of the administration of these Mandirs to the State Governments there would be better supervision over their working and steps would be taken to ensure that the funds allotted for the scheme are properly utilised for the intended purpose.

[S. No. 16 of Appendix III to 24th Report (3rd L.S.)]

ACTION TAKEN

Noted.

It may be mentioned that the question of steps to be taken to ensure that the Vijnan Mandirs fulfil in a better way the objective for which these are intended was placed before the Central Advisory Board of Education at their meeting held in October, 1964. The Board (which includes State Education Ministers) made a number of recommendations which are detailed in the enclosed statement. Majority of these recommendations [viz Nos. (2), (4), (6) and (8) to (10)] have been accepted by Government while the question of implementation of the others [viz. Nos. (1), (5) and (7)] has also been taken up. The recommendations have also been conveyed to the State Governments for necessary action in so far as they are concerned.

EXTRACTS FROM RECOMMENDATIONS MADE BY THE 31ST SESSION OF THE CENTRAL ADVISORY BOARD OF EDUCATION HELD AT BANGALORE ON 11TH AND 12TH OCTOBER, 1964.

* * * * *

Item No. 19. *Scheme of Vigyan Mandirs.*

39. The Board felt that the scheme of Vigyan Mandirs was a useful one and should be continued. It should also be regarded as an educational scheme and implemented under the general guidance of the Ministry of Education at the Centre. For this purpose the administration of the scheme in the States should be uniformly under the State Education Departments. The Board further recommended as follows:—

- (1) During the Fourth Plan period, also, the scheme of Vigyan Mandirs should be on 100% Centrally sponsored based as in the case of existing Vigyan Mandirs under the Third Plan period. Lands and buildings for the Vigyan Mandirs should however be assured by the State Governments as hitherto.
- (2) Vigyan Mandirs should be established not in isolation but along with established institutions like Secondary Schools, extension departments of training colleges and community

centres so that maximum use of the facilities may be available to the rural people.

- (3) State Governments should endeavour to achieve the target of at least one Vigyan Mandir per district during the Fourth Plan.
- (4) As the number of Vigyan Mandirs in each State increases, State Governments should take steps to have a Coordinating Committee at the State level to guide and supervise the function of Vigyan Mandirs in the State. These Coordinating Committees should work in close collaboration with and guidance from the Central Coordinating Committee which should be established by the Government of India.
- (5) There should be no rigidity about the pattern of the functions of the Vigyan Mandirs and State Governments should have free scope for initiative in developing their Vigyan Mandirs according to the requirements in their respective areas.
- (6) The Vigyan Mandirs should also serve the purpose of Science education for school students and adults alike but they should not be regarded as substitute for school laboratories.
- (7) The Educational aspects of the Vigyan Mandirs should be given wide publicity in the rural areas and for this purpose it was felt that a mobile unit to the Vigyan Mandirs may be necessary.
- (8) In organising the exhibits and programmes of Vigyan Mandirs, the State Governments may be advised to take the assistance of bodies like the Association of Scientific Workers in India and other specialists qualified to promote the development of science education etc., in the country.
- (9) State Governments can make additional financial provision over and above the financial pattern agreed to by the Centre for the successful functioning of Vigyan Mandirs. The qualifications of the Vigyan Mandirs staff as laid down in the report of the Assessment Committee on Vigyan Mandirs by Balwant Ray G. Mehta should be carefully adhered to.
- (10) The State Coordinating Committees in consultation with the Central Coordinating Committee should evolve suitable training programme for the workers of Vigyan Mandirs and also for periodical refresher courses.

Recommendations

The Committee desire that all officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by the Government in May, 1958 to ensure that "all cases in which a fresh spell of leave is applied for by Government servants after a short interval of duty, are carefully examined with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof."

[Sl. No. 15 of Appendix XVIII
29th Report (1964-65).]

ACTION TAKEN

The recommendation of the P. A. C. has been brought to the notice of all officers concerned with the sanctioning of leave in the Ministry and its attached/subordinate offices for information and guidance.

A copy of the circular No. 28/4(1)64-A3 (E.I) dated 3rd March, 1965 is attached.

[No. F. 28/4(1)/64-A3(E.I.)]

No. F. 28/4(1)/64-A3 (E.I)

MINISTRY OF EDUCATION

New Delhi, the 3rd March, 1965

12th Phalguna, 1886.

OFFICE MEMORANDUM

SUBJECT.—*Public Accounts Committee (1964-65)—29th Report (Third Lok Sabha) on Appropriation Accounts (Civil) 1962-63 and Audit Report (Civil) 1964.*

A copy of relevant extracts from the 29th Report of the P.A.C. on the Audit Report (Civil) 1964 regarding grant of leave to officers is forwarded for information and guidance.

Sd./- B. N. BHARDWAJ,

Under Secretary to the Govt., of India.

To

1. All Attached and subordinate office and Autonomous Organisations.
2. All Branch Officers and sections in the Ministry.

Extract.

* * * * *

Evasion of leave rules.

15. In disregard of the instructions issued by Government in May, 1958, leave on full average pay was granted to an officer for attending to his private affairs for a total period of 15 months and 6 days within a period of 16 months and 3 days during which the officer was on duty for only 23 days in all on three occasions. The grant of leave after very short spells of duty enabled the officer to enjoy leave on average pay for 15 months and 6 days during the period and to draw an additional leave salary of about Rs. 4,600 beyond what he would have been entitled to if the entire absence had been continuous.

* * * * *

The Committee desire that all officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by Government in May, 1958, to ensure that "all cases in which a fresh spell of leave is applied for by Government servants after a short interval of duty, are carefully examined with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof."

* * * * *

Recommendations

The Committee regret to observe that this case indicates lack of planning at various stages. The equipment worth Rs. 7,679 was received in August, 1954 even before the acquisition of land for the observatory and that worth Rs. 64,770 was received in August, 1958 more than two years before the completion of the building in October, 1960. The construction of the building itself which was started in April, 1957 was completed in October 1960 i.e., 3½ years after the award of the contract. Even after completion of the building the equipment had been lying idle for more than three years. The observatory started functioning from the 10th January, 1964 but the difficulties regarding the approach road and water supply are yet to be resolved on a permanent basis. It is not clear why these problems were not attended to simultaneously with the construction of the building, which itself was considerably delayed. The Committee hope that the department would take immediate steps to provide approach road and water supply etc., for the observatory.

[S. No. 17, Appendix XVIII,
Twenty-ninth report.]

ACTION TAKEN

Providing approach road to the observatory.—Proposal for metal-ling of the approach road was not included in the original or revised estimates because the observatory was approachable from Dehra Dun both from Chakrata Road at Mile No. 9 and via Timli, involving 13 miles and 7 miles, respectively, of fair weather forest road. After the unprecedented rains of 1959 (heaviest since 1936), a proposal for the construction of an all weather motorable road was made in January, 1960 in the Civil works programme and sent to the Central Public Works Department. It was felt that the Central Public Works Department and the Forest authorities would be able to co-operate in providing this road but it was later on intimated by the Central Public Works Department that they were unable to take possession of the land from the Forest authorities covering the forest road of 7 miles length from Timli to Sabhawala. The matter was, therefore, taken up with the Government of Uttar Pradesh and is being pursued by the Surveyor General of India. According to the latest communication dated the 26th April, 1965 received by the Surveyor General from the Uttar Pradesh Government the matter is under consideration of that Government. As soon as the possession of the land for the approach road is given by the Uttar Pradesh Government, the Central Public Works Department will be requested to take necessary action for the construction of the approach road.

2. *Providing water supply to the Observatory.*—Requirements for water supply were intimated to the Central Public Works Department right from the beginning and the provision of hand pumps had been made by them in their estimates. Two lift (hand) pumps were installed by the Central Public Works Department in dug up wells in the Observatory Compound. But these pumps worked for a very short time. On investigation, the Central Public Works Department reported that due to the inclination of the underground strata in that area chances of getting water at a reasonable depth were remote. The Exploratory Tube Well Organisation was approached for the advice and that Organisation intimated to the Central Public Works Department that a dug well constructed upto a depth of about 80' would give enough water for the purpose. The Central Public Works Department authorities, in their communication dated the 13th May, 1965, have suggested that we should approach the Forest Department for their permission to take a pipe line connection from the well in their rest house to the Observatory. The Survey of India is now taking action on this as, in the opinion of the Central Public Works Department, this would be the cheapest method of getting water.

MINISTRY OF WORKS AND HOUSING

Recommendation

The Committee regret to observe that the Association have been allowed to construct a building very much in excess of its requirements, more than 50% of the cost of which has been borne by Government (i.e., Rs. 2.36 lakhs out of 4.66 lakhs on main building plus Rs. 39,000 on the Auditorium). The Association have already let out a large part of the building to the Board of Higher Secondary Education at a high rental of Rs. 4,500 per month which works out to Rs. 60 per 100 sq. ft. against the usual C.P.W.D. rate of Rs. 45 per 100 sq. ft. for that area. Even allowing for future expansion of the Association, the Committee doubt whether they would need such a big building for their use. The Committee, therefore, find little justification for allotment of land to the Association in the Indraprastha Estate with a stipulation to construct a multi-storeyed building. It is strange that the Ministry of Education were not consulted by the Ministry of Works and Housing while making allotment of land.

* * * * *

[S. No. 18 (Para No. 18)
of Appendix XVIII of 29th Report for
the year 1964-65.]

ACTION TAKEN

This Ministry is concerned with the last sentence of the observation of the Public Accounts Committee. It may be stated that the allotment was made on the recommendations of the Delhi State Government who had stated that the Association had adequate funds to cover cost of the land and the construction of a three storeyed building thereon. The proposal of allotment of land to the Association in Indraprastha Estate was also referred to the Ministry of Education for their comments and that Ministry recommended the allotment of land to the Association as a free gift. The matter was examined and it was decided that the Association being a social and cultural organisation, the land may be allotted to them at the usual rate of Rs. 36,000 per acre plus 5% annual ground rent thereon. The allotment orders were accordingly put up stipulating the usual condition that the Association shall be required to put up a multi-storeyed building in conformity with the architectural surroundings. The draft allotment letter was shown to the Ministry of Education before issue and a copy of that letter was also endorsed to that Ministry. It will thus be seen from the above facts that this Ministry allotted the land to the Adult Education Association on the recommendations

of the Delhi Administration and also after consulting the Ministry of Education on the specific proposal of allotment of land to the Association in Indraprastha Estate.

Audit Observation

It is observed from a letter dated the 6th January, 1956 from the Delhi State Government to the Ministry of Works, Housing and Supply that a plot of land of about 0.25 acre was the exact requirement of the Association. Further, in their letter dated 8th February, 1956 the Association had intimated to the Ministry that according to the plan prepared by their architects, the covered area required by them was only 5,400 sq. ft. The allotment of land measuring 0.46 acre in Indraprastha Estate, with a stipulation to put up a multi-storeyed building (which has a floor area of 24,485 Sq. ft.) was, therefore, not justified.

It has been stated that the Ministry issued allotment orders to the Association stipulating the usual condition that the Association shall be required to put up a multi-storeyed building in conformity with the architectural surroundings of Indraprastha Estate and that the draft allotment letter was shown to the Ministry of Education before issue. In September, 1963, however, the Ministry of Education had informed Audit as follows:—

“Application for allotment of land in favour of the Association was recommended by the Chief Commissioner of Delhi to the Ministry of Works, Housing and Supply. Comments were sought by that Ministry from this Ministry as well and we also recommended it. But it was stipulated to allot land to the Association at Lower Bela Road for which there was perhaps no such condition as to construct a multi-storied building. Consequently, as the plot of land in that area had been earmarked for some other purposes, the Ministry of Works, Housing and Supply allotted a plot of land to the Association in Indraprastha Estate and endorsed a copy of allotment order to this Ministry as well for information.”

MINISTRY OF EDUCATION

Recommendations

The Committee regret to observe that the Association have been allowed to construct a building very much in excess of its requirements, more than 50% of the cost of which has been borne by the Government (i.e. Rs. 2.36 lakhs out of Rs. 4.66 lakhs on main build-

ing plus Rs. 39,000 on the Auditorium). The Association have already let out a large part of the building to the Board of Higher Secondary Education at a high rental of Rs. 4,500 per month which works out to Rs. 60 per 100 sq. ft. against the usual C.P.W.D. rate of Rs. 45 per 100 sq. ft. for that area. Even allowing for future expansion of the Association, the Committee doubt whether they would need such a big building for their use. The Committee, therefore, find little justification for allotment of land to the Association in the Indraprastha Estate with a stipulation to construct a multi-storeyed building. It is strange that the Ministry of Education were not consulted by the Ministry of Works and Housing while making allotment of land.

The Committee are surprised how, while approving the construction of the building at an estimated cost of Rs. 3.86 lakhs, the Ministry of Education expected that the Association would be able to collect funds from other sources (The Ministry initially sanctioned a grant of only Rs. 86,000.) As the Association went ahead with the construction, and as the Ministry's expectation that the Association would be able to collect funds from other sources did not materialise, the Ministry had eventually to sanction a further grant of Rs. 1.50 lakhs in August, 1960 for completion of the building and again another grant of Rs. 39,000 in September, 1962 for completion of the Auditorium. Such a liberal attitude on the part of the Ministry in agreeing to the increase in the quantum of grant, over what was initially agreed to is likely to make the grantees extravagant in their expenditure, and hence should be discouraged.

The Committee are also unable to see adequate justification for the Association to charge higher rent from the Central Board of Secondary Education, which is financed by the Centre, specially when the building was constructed largely out of grant given by the Ministry.

[Serial No. 18, Appendix XVIII of 29th Report--1964-65]

ACTION TAKEN

The original building proposed to be constructed by the Association was to cover 5,400 square feet with a total floor area of 8,200 sq. ft.—5,400 on the ground floor and the rest on the first floor. The proposal for the original building had been made in May, 1953, and the revised estimates for the present building—total area in 4 floors (including basement) being 17,530 sq. ft. at Indraprastha Marg were submitted to the Ministry in March, 1958, i.e. after a period of about five years. During these five years the activities of the Association had increased and educational development in all fields had started under the country's five year plans and the Association

had to keep its future requirements also in view. Social Education movement which is in its infant stage is gaining momentum and the activities of the Association are bound to increase manifold. The application of the Association for allotment of a plot of land was recommended by the Chief Commissioner of Delhi to the Ministry of Works, Housing and Supply and when this Ministry's comments were called for, this Ministry had also recommended the case.

2. The Central Board of Secondary Education, Delhi, is an autonomous organisation which is run mainly on the fees of the examinees. It is not financed by grants from the Central Government. The rent of the part of the building let out by the Association to the Board was approved by the Board in their meeting held on 17th March, 1962. It is true that the Educational Adviser to the Government of India acts as a Controlling Authority of the Board and has the powers to issue directions but these directions have to be in consonance with the Board's own Rules and Regulations and its autonomy in financial matters. The Ministry understands from the Board that office accommodation is not available in this area or in any other suitable area for less than what they are paying to the Association.

3. The Ministry has taken the following measures to discourage large building grants to voluntary educational organisations:—

- (i) A ceiling of Rs. 30,000 has been fixed for building grants, under the Scheme of Assistance to Voluntary Educational Organisations,

(This was introduced from August, 1961).

- (ii) An undertaking is obtained from the institutions getting building grants. Para (a) of the undertaking reads as under:—

“(a) No assets acquired wholly or substantially out of the Central grant shall be encumbered (except as provided under Clause (i)] dealt with, or disposed of or utilised for purposes other than those for which the grant is given (hereafter referred to as approved purposes). Should the Institution/Organisation cease to function and/or exist at any time assets so acquired shall on demand be transferred to the Government of India by the Institution/Organisation. In default it will be open to the Government to acquire the said assets.”

(This was introduced from June, 1964).

- (iii) The following condition is *inter alia* incorporated in the sanction letter:

"The assets created as a result of this grant should not be disposed of, encumbered or utilised for purposes other than those for which the grant has been sanctioned without the prior approval of the Government of India. Should the institution cease to exist at any time, such assets should revert to the Government of India. The institution should maintain a register in respect of the assets. A copy of it should be submitted to the Ministry annually."

(This was introduced from May, 1962).

- (iv) In case of building grants exceeding Rs. 10,000 the controlling authority of the institution is required to execute and register a bond in the approved form securing to the Government of India a prior lien on the building for the recovery of the amount paid as grant in the event of the building ceasing to be applied to the purpose for which the grant was sanctioned.

(This was introduced from November, 1964).

The note has been modified to elucidate the points raised in the observations of A.G.C.R., New Delhi (copy enclosed—Annexure I).

[U.O. No. F. 5-13/64-SEU. 1 dated 7th August, 1965].

ANNEXURE I

Audit Observations

It has been stated by the Ministry that the Association requires the entire building for its own *bona fide* use as and when it undertakes all the activities for development of social education in the country. In this connection, it is observed from a letter, dated the 6th January, 1956, from the Delhi State Government to the Ministry of Works, Housing and Supply that a plot of land of about 0.25 acre was the exact requirement of the Association. Further, in their letter, dated 8th February, 1956, the Association had intimated the Ministry of Works, Housing and Supply that according to the plan prepared by their architects, the covered area required by them was only 5,400 sq. ft. The allotment of land measuring 0.46 acre in the Indraprastha Estate, with a stipulation to put up a multi-storeyed building, (which has a floor area of 17,530 sq. ft.) does not, therefore, appear to have been justified in the circumstances in which the decision was taken.

Recommendation

The Committee regret to point out that this is another case where the building constructed was bigger than the requirement of the organisation viz., Bharat Scouts and Guides. Although the organisation was not in need of a four storeyed building, the Delhi Development Authority insisted the erection of a multi-storeyed structure. It is not clear why the organisation could not be allotted land in some other area where they could construct a building according to their requirement. The Committee suggest that procedure should be evolved whereby some coordination is established between the agency responsible for allotment of land to such organisations and the Ministry, responsible for release of grants, so that the organisations are not given plots with stipulation of constructing multi-storeyed structures if they actually do not require them. In the opinion of the Committee, present practice of the organisation's letting out their surplus accommodation at high rentals and thus adding to their income is not satisfactory.

[Serial No. 19 of Appendix XVIII to the 29th Report (Third Lok Sabha)].

ACTION TAKEN

The grant was sanctioned by the Ministry of Education on the basis of the allotment of land made and plans and Estimates approv-

ed by the Ministry of Works and Housing who imposed the condition that a multi-storeyed building should be put up in conformity with the architectural surroundings. Though the accommodation in the four-storeyed building is surplus to the requirements of Bharat Scouts and Guides, the organization requires more accommodation for its increasing activities. The recommendation regarding the evolving of a procedure whereby some coordination is established between the agency responsible for allotment of land to such organizations and the Ministry responsible for release of grants has been brought to the notice of the Ministry of Works and Housing who have issued necessary instructions in their O.M. No. L. 3/58/54, dated 22nd/24th November, 1965. (copy enclosed).

Recommendation

In the present case also the Committee do not find adequate justification on the part of the grantee to charge a higher rent from the National Council of Educational Research and Training. The Committee were informed during evidence that the monthly rent payable by the National Council of Educational Research and Training had been fixed provisionally and that the Bharat Scouts and Guides had agreed to accept the rent assessed by the C.P.W.D. The Committee would like to be informed of the rent finally fixed in this as well as the previous case.

[Serial No. 19 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

At the request of the then Education Minister, the Bharat Scouts and Guides agreed to let out a portion of accommodation to National Council of Educational Research and Training for a period of one year. This accommodation could not be vacated within one year as the building for National Council of Educational Research and Training has not been completed so far. The C.P.W.D. has assessed the rent of the portion (4393 square feet) occupied by NCER&T at Rs. 5,362 per annum. The Bharat Scouts and Guides have represented that they should be paid rent at the rate of Rs. 1·50 paise per square foot per month in consideration of the facts that:—

- (i) the rents being charged for portion in the neighbouring buildings are higher; and
- (ii) their building is newly constructed with first class material.

The rent paid to them provisionally will be suitably adjusted after a final decision has been taken on their representation and the P.A.C. will be informed.

Recommendation

This practice of giving grants to private bodies to construct buildings in excess of their requirements and then permitting them to rent out the extra accommodation at exorbitant rates to semi-Government institutions amounts to giving in direct subsidies to such bodies. In this connection, the Committee would like to draw attention to their observations in para 60 of their 20th Report (Third Lok Sabha) wherein they had taken strong exception to the circuitous way in which indirect subsidies are sought to be given to private bodies howsoever important their field of activity might be.

[Serial No. 19 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

The observations of the Committee have been noted.

The above note has been vetted by the Accountant General, Central Revenues, New Delhi vide their U.O. No. RR5-40/64-66/907, dated 21-1-1966.

[No. F. 19-1/65-PE3, dated 5-2-66].

No. L-3/58/54

MINISTRY OF WORKS AND HOUSING

New Delhi, dated the 22nd/24th November, 1965.

OFFICE MEMORANDUM

SUBJECT:—Public Accounts Committee (1964-65)—29th Report (Third Lok Sabha) on Appropriation Accounts (Civil) 1962-63 and Audit Report (Civil) 1964.

In its 29th Report on the Appropriation Accounts (Civil) 1962-63 and Audit Report (Civil) 1964 the Public Accounts Committee observed that certain organisations have put up multi-storeyed buildings with grants-in-aid from the Government in excess of their requirements and are letting out their surplus accommodation at high rentals to others and are thus adding to their income. The Committee has, therefore, suggested that a procedure should be evolved whereby some coordination is established between the agency responsible for allotment of land to such organisations and the Ministry responsible for release of grants, so that the organisations are not given plots with stipulation of constructing structures in excess of their own requirements.

2. Under the Delhi Master Plan the land use of the different areas has been laid down and land is allotted to the various agencies according to the land use. These agencies are required to construct

their building in accordance with the architectural surroundings. Each proposal is examined by this Ministry on its merits and after taking into consideration the recommendation of the Ministry administratively concerned with the organisation and minimum land required is allotted. Land in Delhi is also now very scarce and has to be strictly rationed. The Ministries of Education, etc. are, requested to consider the above suggestion made by the Public Accounts Committee and carefully screen actual requirements before the request of any organisation under them is forwarded to this Ministry for allotment of land.

Sd/- H. S. JAIN,

Under Secretary to the Government of India.

To

All Ministries of the Government of India.

Recommendation

(i) *The Committee wanted to know the expenditure incurred by the Publications Division on the printing of the Publications of the National Book Trust. The Secretary (Education) stated that it would be a complicated process to separate the cost of printing in respect of the Publications of the Trust, from other publications printed by the Publications Division. The witness, however, promised to obtain the figures from the Publications Division. This information is still awaited.*

(ii) *The Committee feel that it is necessary to keep a proper account of the expenditure on Publications and their sale proceeds with a view to assessing the economics of pricing system and working of the Trust. They desire that the Trust should maintain such accounts.*

[Para 20 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

(i) Statements showing the cost of production incurred by the Publications Division (through the Chief Controller of Printing and Stationery) on books released during the years 1960-61, 1961-62, 1962-63 and 1963-64 have been obtained and are enclosed.

The Chief Controller of Printing and Stationery have not yet been able to furnish details of the expenditure in respect of the remaining items owing to non-receipt of bills from the printers. They have been reminded by the Trust to expedite the information. It

will be furnished to the Accountant General, Central Revenues, when received in the Ministry.

(ii) The Trust has started maintaining the accounts of the expenditure incurred on the publications published by it on its own and of their sale proceeds. The Trust is also maintaining the accounts of royalties received on the publications published through the private publishers.

Recommendation

The Committee are perturbed to note that the selection of titles of publication was not made by the Trust on any scientific basis in the past. Out of 115 titles reviewed by the Reviewing Committee as many as 79 have been rejected resulting in expenditure of Rs. 64,223 being rendered infructuous. The Committee hope that the functions of the Trust have now been streamlined in the light of the Tara Chand Committee Report, and that with the organisational changes since made in the Trust, its working will improve and its objective of catering to educational needs of persons who have had no opportunity of University Education, would be achieved.

The Committee would like to know the outcome of the Trust's proposal to bring out dropped titles through private publishers.

[Para 21 of Appendix XVIII to 29th Report (Third Lok Sabha) 1964-65].

ACTION TAKEN

The Trust has noted the observations made, for compliance.

Out of the 79 rejected titles (44 dropped, 22 kept in abeyance and 13 to be circulated amongst private publishers), the National Book Trust has so far been able to pass on 38 manuscripts to private publishers for publication. Five books out of these have already been published and released for sale. Efforts are continuing to induce private publishers to take over publication of the remaining manuscripts.

Recommendation

The Committee feel concerned to note that the sale of books of the Trust has not been encouraging. They desire that vigorous efforts should be made to publicise these books in order to attract readership. The various libraries in the country should also be approached to buy these books.

[Para 22 of Appendix XVIII to 29th Report (Third Lok Sabha) 1964-65].

ACTION TAKEN

The recommendation is accepted and steps are being taken to step up sales on the lines recommended by the Public Accounts

Committee. It may, however, be noted that most of the old titles were published by the Publications Division. They have informed the Trust that the State Governments and other institutions have already been approached to recommend the books published by them including the Trust's publications to the various libraries under their jurisdiction. Besides periodical advertisements, circulars are also being issued by them to step up the sale of these books.

The Education Minister has also addressed a letter separately to the Education Ministers of all States and Union Territories, seeking their help for popularising the books brought out by the Trust and other agencies. Very encouraging replies have been received from many States and these are being examined in the Ministry.

Recommendation

The Committee desire that the pricing policy of the Trust should be kept under constant review and efforts should be made to make the Trust self supporting. The Ministry should examine the feasibility of the Trust undertaking printing of all their publications and receiving the sale proceeds, like Lalit Kala Akademi and Sahitya Akademi etc.

[Para 23 of Appendix XVIII to 29th Report (Third Lok Sabha) 1964-65].

ACTION TAKEN

The recommendation is accepted for compliance.

It may, however, be stated that as the aim of the Trust is to make good books available to public at moderate prices, some subsidy will continue to be involved till such time as its books are sold in larger numbers to cover expenses. However, the aim to make the Trust self-supporting in the long run will be kept in view.

The Trust has since decided to bring out books on its own through private presses etc. and also to sell them through normal distribution channels. The sale proceeds will be retained by the Trust as its income.

[O.M. No. F. 29-14/65-C.4, dated 5-4-1966.]

THE COST OF PRODUCTION INCURRED BY THE PUBLICATIONS DIVISION (THROUGH
CCP&S) ON BOOKS RELEASED DURING 1960-61

Sl. No.	Title	Language	No. of copies printed	Pages	Cost of Production
					Rs.
1	India Today and Tomorrow	Gujarati	2950	46	679.49
2	Do.	Kannada	2765	46	664.13
3	Do.	Hindi	3000	44	2239.28
4	Kalki	Marathi	2000	iv×52	773.22
5	Do.	Telugu	2000	iv×68	890.44
6	Jwalamukhi	Marathi	3005	viii×178	2104.80
7	India Today and Tomorrow	Telugu	3000	48	820.64
8	Do.	Marathi	3000	42	781.03
9	Do.	Malayalam	3000	56	960.39
10	Mahaparinirvaner Katha	Bengali	1933	116×2 Illust.	Bill not received.
11	Memoirs of My Working Life	English	2000	vi×156	4573.10
12	Aspects of Science	Gujarati	2000	80	937.46
13	Kalki	Kannada	2000	168	1433.81
14	Do.	Malayalam	2000	80	964.94
15	Jwalamukhi	Punjabi	2000	284	2160.83
16	Aspects of Science	Bengali	1941	88	Bill not received.
17	Do.	Tamil	1995	iv×152	1517.30
18	Kalki	Assamese	2000	82	1516.63
19	Do.	Bengali	1960	46	Bill not received.
20	Do.	Urdu	2000	iv×72	1046.94
21	India Today and Tomorrow	Assamese	2000	44	799.95
22	Do.	Punjabi	2985	42	699.91
23	Eighty-Four, Not Out	English	2981	viii×184	5594.88

Sl. No.	Title	Language	No. of copies printed	Pages	Cost of Production.
24	Memoirs of My Working Life (II Reprint)	English	1938	vi×156	Rs. 3145·42
25	Jwalamukhi	Gujarati	3000	244	2438·79
26	Aspects of Science	Hindi	2000	88	3433·17
27	Do.	Punjabi	2000	86	931·49

NOTE.—I. Bills have not been received and settled by the C.C.P. & S. in respect of items Nos. 10, 16 and 19.

THE COST OF PRODUCTION INCURRED BY THE PUBLICATIONS DIVISION (THROUGH CCP&S) ON BOOKS RELEASED DURING 1961-62

Sl. No.	Title	Language	No. of Copies printed	Pages	Cost of Production.
1	India Today and Tomorrow	Tamil	3000	44	Bill not received.
2	Kalki	Hindi	1999	60	2355·83
3	When the World Was Young	English	4995	viii+82	6829·90
4	Jungle and Backyard	Do.	5000	142	6849·91
5	The Traditions of the Indian Army	English	4995	x+148	8242·40
6	Bankim Chandra-Jiban-o-Sahitya	Bengali	2831	72	Bill not received.
7	One World and India	Hindi	1980	64	2987·72
8	Aspects of Science	Urdu	1990	112	1463·53
9	The Gospel of Buddha	English	4993	viii+52	15913·95
10	India Today and Tomorrow	Bengali	3000	46	739·11
11	Do.	Oriya	2000	42	1298·52
12	Aspects of Science	Kannada	2000	118	1164·05
13	Jwalamukhi	Telugu	2999	viii+360	Bill not received.
14	Do.	Urdu	2000	viii+252	2264·30
15	One World and India	Gujarati	2986	66	1250·11
16	Do.	Kannada	1971	68	714·37
17	Educational Reconstruction in India	Hindi	2000	72	2452·31
18	Do.	Marathi	3000	80	1406·78
19	Mala Mansant Ghya	Marathi	3000	iv+114	1999·10

NOTE :—Bills have not been received and settled by the C.C.P. & S. in respect of items Nos. 1, 6 and 13.

**THE COST OF PRODUCTION INCURRED BY THE PUBLICATIONS DIVISION (THROUGH
CCP & S) ON BOOKS RELEASED DURING 1962-63**

Sl. No.	Title	Language	No. of Copies printed	Pages	Cost of Production
1	Educational Reconstruction in India	Malayalam	2000	108	1146.30
2	Do.	Kannada	2000	iv+72	846.74
3	Hindustani Drama	Urdu	2000	340	3720.15
4	Kalki	Punjabi	1999	74	843.63
5	Educational Reconstruction in India	Urdu	2000	88	1283.22
6	One World and India	Telugu	2990	66	1381.07
7	Women Saints of East & West	Hindi	2980	316	12227.12
8	Educational Reconstruction in India	Tamil	2000	vi+164	1659.03
9	Kalki	Tamil	2000	iv+96	1192.16
10	Marco Polo	Hindi	2998	156	6711.99
11	The Grand Rebel	Hindi	2960	208	8479.20
12	Meri Ganga Yatra	Hindi	3000	96	4821.81
13	Hamare Jalpakshi	Hindi	3000	88	6858.45
14	India Today and Morrow	Urdu	1913	48	486.28
15	The Culture of South-East Asia	English	2996	xiv+228 +36 art plates	12915.92
16	A Forgotten Empire	English	4000	xx+408 with 10 illus. & 3 maps.	11837.69
17	The Erid of Empire	English	2835	420	11064.89
18	A Tale of Two Cities	Urdu	1999	648	5286.72
19	Lachit Barphukan and His Times	Hindi	1965	188	6331.07
20	Eighty-Four, Not Out	Hindi	2000	190	6506.63
21	The Grand Rebel	Marathi	2973	242	2975.73
22	The Voice of the Uninvolved	Hindi	2000	xiv+226	8330.11

THE COST OF PRODUCTION INCURRED BY THE PUBLICATIONS DIVISION (THROUGH
CCP & S) ON BOOKS RELEASED DURING 1963-64

Sl No.	Title	Language	No. of Copies printed	Pages	Cost of Production.
1	Sant Tukaram	Marathi	2894	viii+236	2829.57
2	Uncha Hai Bharat Ka Bhal	Hindi	3999	x+150	6327.87
3	Potana	Telugu	2945	viii+230	3816.23
4	Aspects of Science	Assamese	2001	108	2107.77
5	Jwalamukhi	Bengali	2986	viii+248	2325.64
6	Judy and Lakshmi	Telugu	2951	vi+162	3201.38
7	Jwalamukhi	Tamil	2999	viii+364	3057.78
8	Akbar	Hindi	2000	110	3882.18
9	Judy and Lakshmi	Hindi	2000	140	3960.75

Recommendation

This Committee are glad to note the progress made in issue of the utilisation certificates in respect of the grants sanctioned upto the year 1961-62. They hope that efforts will be made to clear the backlog of utilisation certificates and avoid delay in their issue in future. The Institutes concerned should be impressed upon to submit their audited accounts in time.

[Serial No. 26 of Appendix XVIII to the Report.]

ACTION TAKEN

Necessary instructions have since been issued to the Rural Institutes, in consultation with the Ministry of Finance, *vide* this Ministry's letter No. F. 3-4/64-U.3, dated 1-10-1964, to the effect that in future:

- (i) no non-recurring grant will be released to a Rural Institute without receiving audited accounts, together with a utilisation certificate, in respect of the previous non-recurring grant released to it, and

- (ii) the second instalment of recurring grant during a year will be released only on receipt of the audited accounts of the Rural Institute for the previous year and an up-to-date statement of expenditure incurred on recurring items during the year in support of the utilisation of the first instalment of recurring grant.

The audited accounts since received from the Rural Institutes are under examination, and subject to these being found satisfactory, efforts will be made to clear this backlog of the certificates at the earliest. The amount for which utilisation certificates for the year 1960-61 are still to be issued has since been reduced to Rs. 1.10 lakhs.

Recommendation

The Committee feel that according to the spirit of Section 12 of the University Grants Commission Act, maintenance grants are admissible only to universities established or incorporated by or under a Central Act, as in their case the word 'maintenance' has been specifically mentioned in the Act. There is no mention about 'maintenance' in the case of other Universities mentioned in Section 12(c) of University Grants Commission Act, 1956. The Committee note that the UGC have decided to discontinue payment of maintenance grants to the five institutions viz. College of Engineering and Technology, Jadavpur, J. & D. College of Sciences and of Chemical Technology, Bombay University, College of Engineering, Annamalai University and Department of Applied Chemistry, even though the Law Ministry's second opinion suggests that if a broad view is taken they can be given such grants. The University Grants Commission also feel that it would not be right to give them maintenance grants.

The Committee, however, suggest that in view of the two conflicting opinions given by the Ministry of Law, the Attorney General's opinion regarding admissibility of maintenance grants to Universities other than Central Universities may be obtained for future guidance.

[Serial No. 60 of Appendix XVIII to the Report.]

ACTION TAKEN

The opinion of the Attorney General on the scope of the powers of the University Grants Commission under Section 12 of the UGC Act, 1956, to give grants to Universities other than those established or incorporated by or under a Central Act, has since been received and a copy thereof is annexed. (Annexure).

Recommendation

The Committee feel concerned over the delay of more than three years in the disposal of the equipment and stores valued at about Rs. 6.65 lakhs. They desire that the matter should be vigorously pursued and they should be informed of the final outcome.

[Serial No. 61 of Appendix XVIII to the Report.]

ACTION TAKEN

The original scheme of Visva-Bharati Water supply drawn up by the Health Directorate of the Government of West Bengal provided for supply of water from tubewell sunk in the bed of the river 'Ajay', six (6) miles away from Santiniketan. While work of implementation of the scheme was in progress, the exploratory tube-well organisation of the Union Food Ministry happened to strike a good water bearing strata in the vicinity at a trial boring. The deep tubewell thus sunk was subsequently made a free gift to the University with the consent of the State Government. Thus the scheme, before it was implemented, underwent a modification to the extent that the source of supply was changed.

Owing to this modification in the original scheme certain stores did become surplus. However, there was no question of abandonment of the scheme. The fact was that the location of the source of supply having been shifted to a site much nearer at hand, a good part of the stock of pipes purchased for the purpose of rising main and necessary valves became surplus. Initially the value of these stores was assessed at Rs. 6.65 lakhs. Since then the second phase of the scheme with the second tube-well and reservoir has been completed.

The present position of surplus stores is as under:

Pipes 15' dia. 18' long	950 pieces
Sluices Valves 15' dia.	7 „
C.I. Flanged-bell-mouth 15' dia. with puddle collar	1 piece
The total cost of the above surplus is Rs. 4,38,715.00.	

Attempts were made to dispose of the surplus stock by negotiation with the neighbouring State Governments, including the Government of Nepal but none of them were interested. Tenders were also invited through press advertisement but the rates quoted by the intending buyers being too low, the Executive Council of the University decided to postpone the disposal. At present negotia-

tions are in progress with the Champdany Municipality, Hooghly, West Bengal and the Calcutta Metropolitan Planning Organisation. Fresh Press advertisement will also be issued shortly.

Recommendation

The Committee view with concern the creation of posts by the Banaras Hindu University in excess of those authorised by the University Grants Commission. They hope that such cases will not recur. The Committee would like to know the final decision taken in meeting the unauthorised expenditure from the accumulated interest on certain funds.

[Serial No. 62 of Appendix XVIII to the Report.]

ACTION TAKEN

The observation of the Public Accounts Committee has been brought to the notice of the Banaras Hindu University.

The University has now informed that it is not possible to adjust the interest of certain funds towards the excess expenditure on account of certain posts which were in excess of those authorised by the UGC, as the funds are earmarked funds. The University has been asked to indicate the source from which they propose to meet the unauthorised expenditure.

Recommendation

The Committee are not happy over the inordinate delay in determining the final block grants payable to the Central Universities for the year 1961-62 onwards. They desire that the matter should be finalised without further delay.

[Serial No. 63 of Appendix XVIII to the Report.]

ACTION TAKEN

Maintenance grants to Central Universities in respect of the years 1964-65 and 1965-66 have been finalised and the Universities have been intimated accordingly. It has since been decided that these grants will now be determined on annual basis.

In respect of maintenance grants for 1961-62, 1962-63, grants for these years are to be paid on the basis of actual deficits for which 'on account' grants have already been paid. The admissible grants to Visva-Bharati have been worked out and the University asked to confirm the figures so worked out by the Commission. In respect of the other Central Universities steps are being taken to work out the admissible maintenance grants on the basis of actual deficits as soon as the audited accounts for these years are made available.

Recommendation

(i) *The Committee desired to be furnished with a statement showing the latest position of the outstanding utilisation certificates, the years to which these related and names of the universities concerned. The information is still awaited.*

(ii) *The Committee feel concerned over the delay in submission of utilisation certificates by the Universities. The certificates relating to the grants given during the period as far back as 1955-56 are yet to be issued. The Committee note that out of the outstanding amount of Rs. 30·93 crores as on 20th September, 1963 (pertaining to the years upto 1961-62), utilisation certificates had been submitted for more than Rs. 15 crores. They desire that the position should be kept under constant review and all out efforts should be made to clear the back-log of the utilisation certificates and ensure their submission in future in time. In the cases of persistent defaults without valid reasons, the question of with-holding further grants till the utilisation certificates are furnished should be seriously considered to enforce financial discipline.*

[Serial No. 64 of Appendix XVIII to the Report.]

ACTION TAKEN

(i) A statement showing the latest position of the outstanding utilisation certificates, the year to which these related and names of the universities concerned was supplied to the Lok Sabha (Public Accounts Committee Branch) vide Ministry of Education O.M. No. F. 9-65/64-U.2, dated 4th January, 1965.

(ii) In regard to the outstanding utilisation certificates, the position is being kept under constant review and every effort is being made to obtain necessary information from the universities so that utilisation certificates in respect of grants sanctioned by the Commission may be issued expeditiously. It is now proposed to issue utilisation certificates for portions of the schemes or projects as and when these are completed and relevant accounts received from the institution, instead of waiting till the project as a whole is completed.

Recommendation

The Committee hope that such instances of unauthorised expenditure by the Central Universities would not recur.

[Serial No. 65 of Appendix XVIII to the Report.]

ACTION TAKEN

This has been noted and the Central Universities are being apprised of this.

[Ministry of Education No. F. 9-1/65-U.2, dated the 5th January, 1966.]

ANNEXURE

No. AGF/31/65/4826(9)

Re.: QUESTION WHETHER THE UNIVERSITY GRANTS COMMISSION, UNDER SECTION 12(B) OF THE UNIVERSITY GRANTS COMMISSION ACT, 1956 IS COMPETENT TO GIVE MAINTENANCE GRANTS TO INSTITUTIONS WHICH ARE DEEMED TO BE UNIVERSITIES, ETC.

OPINION

The question is whether 'maintenance' grants can be given by the University Grants Commission to a University other than a University established or incorporated by or under a Central Act. The relevant section of the University Grants Commission Act, 1956, is section 12, the material portion of which is as follows:—

"12. It shall be the general duty of the Commission to take, in consultation with the Universities or other bodies concerned, all such steps as it may think fit for the promotion and coordination of University education and for the determination and maintenance of standards of teaching, examination and research in Universities, and for the purpose of performing its functions under this Act, the Commission may—

* * * *

- (b) allocate and disburse, out of the Fund of the Commission, grants to Universities established or incorporated by or under a Central Act for the maintenance and development of such Universities or for any other general or specified purpose;
- (c) allocate and disburse, out of the Fund of the Commission, such grants to other Universities as it may deem necessary for the development of such Universities or for any other general or specified purpose:

Provided that in making any grant to any such University, the Commission shall give due consideration to the development of the University concerned, its financial needs, the standard attained by it and the national purposes which it may serve."

2. Sub-section (b) says what grants may be made to a limited class of Universities, that is to say, Universities established under a Central Act. Sub-section (c) deals with grants which may be made to other Universities. The wording of the two sub-sections is otherwise the same. While sub-section (b) allows the Commission to make a grant for maintenance and development, sub-section (c) speaks only of a grant for development. It is to be presumed that this difference was deliberately made by the Legislature and that the Legislature intended that the Commission should be empowered to make a grant for 'maintenance' only to the Universities mentioned in sub-section (b) and not to those in sub-section (c) and full weight must be given to the difference that has been made.

3. The class of grants comprised in the word grant for maintenance in sub-section (b) must, I imagine, be a very limited one. Under its functions as defined in the main part of section 12, the duty of the Commission is to take all such steps as it may think fit for 'the promotion and co-ordination of University education and for the determination and maintenance of standards of teaching, examination and research in Universities.' It is for the performance of those functions that the Commission can make grants whether under (b) or (c). Under both sub-sections a grants can be made for development which would include the promotion and co-ordination and the determination and maintenance of standards. No doubt, the word 'maintenance' in sub-section (b) has not the same meaning as the words 'maintenance of standards', but if a grant is made to any University for development which would include determination of standards of teaching and improving them, it is difficult to say that a further grant in order to keep up the standard and not to allow it to fall cannot be made as a grant for development although in a sense it may be for maintenance. The words occurring in both the sub-sections 'for any other general or specified purpose' cannot obliterate the difference arising from the fact of the omission of the word 'maintenance' in sub-section (c). Some meaning must be given to the difference. A maintenance grant falling within sub-section (b) but not within (c) must be one which cannot reasonably be included in development. It must therefore as I have said before a very limited and narrow sub-section. I take it that the Auditor-General and the Accounts Committee had a clear conception of what a maintenance grant is which falls under (b) but cannot be included in the general words 'development of the Universities or for any other general or specified purpose'. In my opinion that kind of grant can only be made to the Universities mentioned in sub-section (b).

4. It has been sought to justify such a grant under sub-section (c) by reason of the fact that under section 3 the Central Government can, by notification, declare any institution for higher education other than a University to be deemed to be a University for the purposes of the Act and on such a declaration being made all the provisions of the Act shall apply to such institution as if it were a University within the meaning of section 2(f). It is argued that since all the provisions of the Act are to apply, sub-section (c) of section 12 would also apply. I am unable to agree with this argument. If it is correct, then the omission of the word 'maintenance' from sub-section (c) has no meaning. It is not to be supposed that the Legislature has made a distinction without any meaning. No doubt, under section 3 certain institutions can be deemed to be Universities and all the provisions of the Act are to apply, but where a specific provision in terms is restricted to a certain kind of University then, in my opinion, the deeming provision cannot be invoked to do away with that limitation. Section 12(c) is, as it were, an exception to the rule under Section 3 that the whole Act shall apply to all institutions which are deemed to be Universities. It is to be noted that under sub-section (f) of section 2, Universities are divided into two classes. The first is a University established or incorporated under an Act—Central, Provincial or State, and the second, any institution which is recognised by the Commission in consultation with the University. Presumably such institution is one connected in some manner with a University or under its control, whereas institutions which are deemed to be Universities under section 3 are not so connected. But even if an institution is recognised as a University under section 2(f) and is, therefore, a university and not deemed to be a University, sub-section (b) of section 12 could only apply to a University incorporated under a Central Act. I should add that though under Section 3 an institution is to be deemed to be a University, it does not say that such an institution shall be deemed to be a University established under a Central, Provincial or State Act. However, in sub-section (c) of section 12, the words 'other Universities' would include universities under a Provincial Act or a State Act and an institution recognised under Section 2(f) and an institution deemed to be a University under section 3.

In my opinion, therefore, 'maintenance grants' can be made only to the classes of Universities specifically mentioned in sub-section (b).

I answer the questions as follows:—

(1) No. See above.

(2) No, I think not. The words 'for any other general or specified purpose' occur in both the sub-sections (b) and (c). If these words were intended to include maintenance grants, so called, there would have been no necessity for expressly mentioning maintenance grants in (b) and excluding them from (c).

(3) I have nothing to add.

24/4/65

(Sd.) C. K. DAPHTARY

NEW DELHI

Recommendation

The committee note that the instructions regarding calling for performance reports from grantees and undertaking an annual review of grants with the assistance of some leading non-officials were issued by the Ministry of Finance pursuant to the recommendation of the Estimate Committee contained in para 17 of their 55th Report (Second Lok Sabha). While making this suggestion the Estimates Committee were aware of the utilisation certificates already obtained by the Administrative Ministry concerned from the grantees, which were generally taken into account before sanctioning future grants. The Estimates Committee felt that the checks exercised at the pre-budget stage were more with reference to the policy and size of the grants rather than with reference to the actual use to which the grants had been put by the grantees and the benefits derived therefrom. It was, therefore, with a view to have a review made of the actual use of the grants and benefits derived therefrom by the grantees that the Estimates Committee made the recommendation. The Committee note that the audited accounts of grants on which the utilisation certificates are based are usually delayed. Further these accounts would not help in satisfying the Ministry about the fulfilment of the objectives of the grants and the benefits derived by the grantees. In view of this, the Committee emphasise that a systematic annual review based on the performance reports of the grantees is essential. The Committee also desire that as suggested by the Estimates Committee, a review of the utilisation of grants specifying in detail the achievements vis-a-vis the amount spent should be included in the annual report of the Ministry.

[S. No. 27 Appendix XVIII of 29th Report (1964-65).]

ACTION TAKEN

The instructions regarding calling for performance reports from grantees and undertaking an annual review of grants with the assistance of some leading non-officials, as issued by the Ministry of Finance pursuant to the recommendation of the Estimates Committee contained in para 17 of their 55th Report (Second Lok Sabha) have been circulated to the authorities in the Ministry sanctioning grants-in-aid for necessary action.

In order to make a review and proper reappraisal of the existing procedure, the Ministry of Finance called from this Ministry a statement indicating the specific instances together with the special circumstances of difficulties rendering the compliance with the procedure impracticable or unnecessary. The Ministry have duly furnished the required information to the Ministry of Finance whose comments are still awaited.

In the meanwhile the authorities have initiated action to call for the achievement-cum-performance reports from the grantees in cases where it is practicable with a view to making a review and also to include such of the review as have been completed in the Annual Report of the Ministry.

Recommendation

The Committee feel concerned to note that in 154 cases out of a total of 196, audited accounts had not been submitted within the specified time limit. The Committee also view with concern that in large number of cases (129 relating to 1960-62, 84 cases relating to 1961-62) utilisation certificates had still not been received.

The Committee however note that the Ministry have taken some steps to get expeditious submission of certificates and audited accounts. They, however, feel that the cases of outstanding utilisation certificates and submission of outstanding audited accounts require constant watch to bring about significant improvement.

[Serial No. 28 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

The position with regard to the outstanding utilisation certificates is as under:—

(i) Cases relating to 1961-62 :

Utilisation Certificates outstanding

Upto June, 1963
154Upto
August 1964
84Upto
18-6-1965
59

(ii) Cases relating to 1960-62:—

(a) Building Grants

No.	Amount	No.	Amount	No.	Amount
25	7,02,280	13	3,30,500	8	2,02,000

(b) Other Grants

No.	Amount	No.	Amount	No.	Amount
203	66,21,219	116	45,79,244	99	41,82,434

Special efforts are being made to clear the outstanding cases which are being pursued vigorously.

The note has been vetted by Audit.

[No. F. 10-15/64-C-3.]

MINISTRY OF FINANCE

(Department of Economic Affairs)

Recommendation

In this connection, the Committee would like the Ministry of Finance to examine, in the first instance, whether an unusual payment of this type involving the release of a grant to a private body for the partial repayment of a loan from Government, should be regarded as in item of 'New Service' and brought to the notice of Parliament.

[Serial No. 29(ii) of Appendix XVIII to the 29th Report (3rd Lok Sabha).]

ACTION TAKEN

Necessary instructions have been issued *vide* this Ministry's O.M. No. F. T(21)-B/65 dated 5-1-66 (copy enclosed).

(Sd.) A. R. SHIRALI,
Joint Secretary to the Government of India.

ENCLOSURE

No. F. 8(21)-B/65

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 5th January, 1966

OFFICE MEMORANDUM

SUBJECT.—*Recommendations of the P.A.C. in paragraph 29 of their 29th Report (Third Lok Sabha)—Payment of grants for repayment of loans.*

The undersigned is directed to invite a reference to paragraph 29 of the 29th Report of the Public Accounts Committee (Third Lok Sabha) wherein the Committee have observed that the payment of the grant to a private body for the repayment of a loan from Government should be regarded as an item of 'New Service' and brought to the notice of Parliament.

2. Government of India have accepted the recommendation that payment of grant to a private body for the repayment of a loan from Government should be brought to the notice of Parliament before such grants are actually made. In a matter like this, Parliament would be interested only in cases which involve payment of substantial amounts as grants-in-aid to the private bodies to enable them to repay loans taken from Government. It has been decided in consultation with the Comptroller & Auditor General that only major cases of payment of grant to enable private parties to repay loans need be brought to the notice of Parliament as in the case of write off of loans, *vide* this Ministry's O.M. No. F 10(33)-B/57, dated 2-12-58 (copy enclosed). Accordingly, all proposals for grants to private bodies for repayment of loans from Government involving individual payments of Rs. 1 lakh or more should be explained in the Explanatory Memorandum on the Budget before payments are actually made. If in the course of the year, new cases involving payment of grants for repayment of loans of Rs. 1 lakh or more occur, such cases should be treated to involve expenditure on 'New Service' and a Supplementary Grant obtained. It is requested that this procedure may be noted carefully for compliance in future.

3. Attention is invited in this connection to this Ministry's O.M. No. F. 3(100)-B/65, dated 23-11-1965 calling for information in regard to Section I—Notes on expenditure estimates—of the Explanatory Memorandum on the Budget for 1966-67. The Ministry

of Industry and Supply, etc. are requested to furnish along with the material for Notes on Expenditure estimates, full details of the provisions proposed to be made for payment of grants for repayment in part or full of loans involving Rs. 1 lakh and above, indicating *inter alia* the necessity therefor for inclusion in the Explanatory Memorandum.

4. The receipt of this Office Memorandum may kindly be acknowledged.

Sd./- R. K. MUKHERJEE,

Under Secretary to the Government of India.

To

All Ministries/Departments/Secretariats of the Government of India/Planning Commission.

New Delhi, the 5th January, 1966.

No. F. 8 (21)-B/65.

Copy forwarded for information to the Comptroller and Auditor General with reference to the correspondence resting with his U.O. No. 996-Ao/206-65, dated 13-10-65.

Copy forwarded to the Department of Expenditure/Department of Revenue/Department of Company Affairs and Insurance/all branches in the Department of Economic Affairs for information and guidance.

Copy also forwarded for information to all Accountants General, Pay & Accounts Officers, Director of Accounts, Goa, Daman and Diu.

Sd./- R. K. MUKHERJEE,

Under Secretary to the Government of India.

COPY OF OFFICE MEMORANDUM NO. F.10(33)-B/ 57 DATED THE 2ND DECEMBER, 1958 OF MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS) TO ALL MINISTRIES, DEPARTMENTS ETC.

SUBJECT.—Write off of loans advanced on the authority of the Appropriation Act—Procedure regarding.

The undersigned is directed to invite a reference to paras 118 to 120 of the Seventh Report of the Public Accounts Committee (Second Lok Sabha) on the Civil Appropriation Accounts for 1953-54 and 1954-55 (copy enclosed for ready reference) regarding write

off of irrecoverable loans advanced on the authority of Appropriation Acts. The Committee have concurred in the procedure suggested by this Ministry for obtaining Parliament's approval involving write off of substantial sums of irrecoverable loans. Accordingly all proposals involving individual writes-off of Rs. 1 lakh and more for which provision is proposed in the Budget Estimates have to be explained in the Explanatory Memorandum on the Budget. Further, if in the course of the year, new cases involving writes-off of loans of Rs. 1 lakh or over occur, such cases have to be treated as expenditure on a 'New Service' and a Supplementary Grant obtained for the full amount or for a token Grant if the additional expenditure could be met from within the amount already voted by Parliament under the particular head. It is requested that this procedure may be noted carefully for compliance in future.

2. The Ministry of Rehabilitation etc. are also requested to give full details of the provision proposed for write off of loans involving Rs. 1 lakh and above, indicating *inter alia* in necessity therefor, in the Budget for inclusion in the Explanatory Memorandum. Attention in this connection is invited to this Ministry's O.M. No. F. 2(116)-B/58 dated the 28th November, 1958, calling for information in regard to Section I—Notes on Expenditure Estimates—of the Explanatory Memorandum on the Budget for 1959-60. The details of the provision proposed for Budget Estimate 1959-60 for the write off of loans involving Rs. 1 lakh and above may be included separately in this Section under the relevant Grant and the material sent so as to reach this Ministry by 5-1-1959.

MINISTRY OF EDUCATION

Recommendation

The Committee regret to note that in this case grants were released from time to time irrespective of the fact that the Trust had large unspent balance out of the grants released earlier. According to the instructions issued by the Ministry of Finance only so much of the grants should be paid during the financial year as is likely to be expended during that year. It is regrettable that excessive grants were issued in advance of the requirements in spite of the fact that the work was being executed by the C.P.W.D. The Committee are however glad to be informed during evidence that except for a small sum of Rs. 2,757 the Trust had been able to utilise the entire amount and had submitted the utilisation certificates for the same.

[Serial No. 30 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

The small amount of Rs. 2,757/- lying unspent with the Trust has since been adjusted in the current year's grant to the Trust sanctioned *vide* this Ministry's letter No. F. 24-17/64-C.3 dated the 15th December, 1964.

Recommendation

The Committee are far from happy at the manner in which the case was handled. The initial grant of Rs. 25,000 was paid in March, 1951-52 without verifying the statement of the society that it had land at Allahabad. This resulted in the construction of the building being started after more than two years of the payment of the grant. Although the usual practice is to pay grants upto 50% of the estimated cost of construction of building, in this case the entire cost has been borne by government. Obviously the Ministry did not examine the financial position of the grantee and the society submitted inflated estimates of the building. According to the C.P.W.D. the estimated cost of the entire building was Rs. 60,353 (the figure according to the Ministry does not include cost of levelling etc. which come to Rs. 13,000) against which Government have paid grants amounting to Rs. 75,000. A statement of accounts showing the actual expenditure of Rs. 55,000 has been received from the Society so far. The Committee would like to know about the actual cost of the building and the position of the audited account for the balance of the grant.

[Serial No. 31 of Appendix KVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

The Hindustani Culture Society Allahabad has since submitted an audited statement of account showing that the grant of Rs. 75,000/- sanctioned in different instalments has been utilised for the purpose for which it has been given. The total expenditure incurred on the building as per the statement of accounts referred to above is Rs. 76,191.28. This level of expenditure relates to period ending 31st March, 1964. The Society has informed that the valuation of the building will be got assessed by a Chartered Architect within a month or so as soon as the parts of the building under construction would be completed in all respects.

Necessary utilisation certificate has been issued by this Ministry to the Accountant General, Uttar Pradesh on 27th February, 1965.

MINISTRY OF FINANCE

(Department of Expenditure)

Recommendation

The Committee desire that all officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by the Government in May, 1958 to ensure that "all cases in which a fresh spell of leave is applied for by Government servants after a short interval of duty, are carefully examined with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof.

[Sl. No. 15 (Para 15) of Appendix XVIII
to the 29th Report (Third Lok Sabha).]

ACTION TAKEN

The observations of the Committee have been brought to the Notice of all the Ministries/Depts. with suitable instructions.

[Min. of Finance O.M. No. F. 16(6)-E.IV(A)/65,
dated the 5th May, 1965.]

Recommendation

The Committee would like the Ministry of Finance to issue general instructions to the administrative Ministries that even in the case of so called autonomous bodies which are financed mainly through grants-in-aid paid by Government, the normal procedure laid down for safeguarding the interests of public exchequer should be strictly followed.

[Sl. No. 35(ii) (Para 36) of Appendix XVIII
to the 29th Report (Third Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued to all Ministries vide Ministry of Finance O.M. No. F. 14(4)-E.II(A)/65, dated 13-8-1965 (copy enclosed).

Recommendation

The Committee would like to draw the attention of the Ministry of Finance to the following cases considered in the Report which indicate need for tightening up financial control and, in particular, the need for adequate financial scrutiny before grants are sanctioned to the non-Government institutions and for ensuring that a proper procedure is followed by the Ministries to which the utilisation of such grants. The role of the representative of the Finance Ministry in the institutions receiving grants also required consideration with a view to securing the effective functioning of such representatives:

Paras 1—6

Release of large "on account" payment to Indian Statistical Institute without formal agreement and without any check of the work actually done.

Paras 18-19 and 43

Release of grants to private institutions for construction of buildings in excess of requirements.

Para 27

Non-receipt of "Performance Reports" from grantee institutions and failure to conduct an annual review of such grants, as required under the instructions issued by the Ministry of Finance.

Para 28

Payment of further grants to institutions which had not submitted audited accounts for grants paid to them on earlier occasions.

Para 29

Release of grant to a private body without specific vote of Parliament to enable it to repay instalments of loan.

Para 33

Release of grants to institutions to liquidate their debts incurred prior to the approval of the schemes by Government.

Para 36

Ineffectiveness of the representative of the Finance Ministry on an autonomous body to secure the observance of proper procedure in awarding contracts.

Para 45

Release of grants by Sangeet Natak Akademi in contravention of rules.

Para 73

Loss due to delay in investment of surplus balances with an Indian Mission abroad.

[Sl. No. 75 (Para 76) of Appendix XVIII to the 29th Report (Third Lok Sabha)]

ACTION TAKEN

The general observations of the Committee have been noted and suitable instructions issued to the Financial Advisers in the Min. of Finance. [Vide Min. of Fin. U.O. No. F. 14(18)-E (Coord)/65, dated 13-12-1965 (copy enclosed)].

[Min. of Fin. U.O. No. 14(12)-E(Coord)/65,
dated 1-2-1966.]

No. 16(6)E.IV(A)/65

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-2, the 5th May, 1965

OFFICE MEMORANDUM

SUBJECT.—29th Report of the P.A.C. (3rd Lok Sabha)—Para 15 regarding evasion of leave rules.

The undersigned is directed to invite a reference to para 15 of the 29th Report (Third Lok Sabha) in which the Public Accounts Committee have observed as follows:—

“The Committee desire that all officers dealing with sanctioning of leave should be directed to strictly adhere to the instructions issued by Government in May 1958 to ensure that all cases in which a fresh spell of leave is applied for by Government servants after a short interval of duty, are carefully examined with a view to see that the spirit of the rules is observed and that the competent authorities refuse the leave by exercising the discretion vested in them if they have reasons to believe that an attempt was being made to take undue advantage of the leave rules or to evade the spirit thereof.”

Attention in this connection is invited to the instructions issued under the Ministry of Finance Office Memorandum No. F. 7(67)-E. IV/58 dated 12th May, 1958 which has been incorporated as a Government of India decision both under F.R. 67 and also under Rule 4 of the Revised Leave Rules, 1933, (Second Edition). The Ministry of Education are requested to bear in mind the observations of the Committee mentioned above and to ensure that such cases of leave after short spells of duty are carefully examined in future in accordance with the spirit of the rules on the subject.

Sd./- PREM NATH,

Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Govt. of India.

No. 16(6)-E.IV(A)/65

Copy forwarded to:—

1. Shri S. Devanath, Deputy Secretary (AG) & Shri S. V. Sampath, Deputy Secretary (E) in the Ministry of Defence with two spare copies each.
2. Under Secretary, D (Establishment I), Ministry of Defence (8 spare copies).
3. Deputy Secretary (Coord) with 10 spare copies.
4. E.I(A)/E.I(B)/E.I(C) & E.IV(A) Branches.
5. Defence Division.
6. F.A. & C.A.O., Farakka Barrage Project, Murshidabad.

Ms/1-5-1965.

No. F. 14(4)-E.II(A)/65

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 13th August, 1965

OFFICE MEMORANDUM

SUBJECT.—29th Report of the Public Accounts Committee (3rd Lok Sabha)—Recommendation at Serial No. 35(ii) of Appendix XVIII (Para 36).

In a recent case of an autonomous organisation, the Public Accounts Committee *vide* para 36 of its 29th Report (3rd Lok Sabha) have observed that they

“are not satisfied over the (organisation) not following the normal procedure of calling tenders for printing its art works and leaving the selection of printers to the entire discretion of the Honorary Editor While the Committee share the Organisation’s anxiety to maintain high standard of printing, they see no justification inspite of audit objections for not inviting tenders from standard printers and desire that the practice of inviting tenders should be adopted (in all cases).”

.. “The Committee would like the Ministry of Finance to issue general instructions to the administrative ministries that even in the case of so called autonomous bodies which are financed mainly through grants-in-aid paid by Government, the normal procedure laid down for safeguarding the interests of public exchequer, should be strictly followed”.

2. The recommendation of the Committee appears to be unexceptionable in principle. Section IV of Chapter 2 G.F.R. 1963 and orders issued thereunder from time to time prescribe the procedure to be followed in the matter of placing orders/contracts by departments and authorities under the Central Government. Rule 15 of G.F.Rs. 1963 provides, *inter alia*, that contracts should be placed only after tenders have been invited openly; where open tenders are not invited and purchase is effected by negotiation or limited tenders, the specific reasons for doing so should be recorded and approval of the competent authority taken in writing, unless such action is taken in accordance with any instructions issued by Government.

3. The Ministry of Home Affairs etc., etc., are requested to bring the above procedure followed in Government Departments to the notice of all autonomous organisations which are financed mainly through grants-in-aid sanctioned by the Central Government, and to ensure that such bodies also follow the same procedure while placing orders/contracts.

Sd./- R. K. AGRAWAL,

Deputy Secretary to the Govt. of India.

To

All Ministries/Departments of the Government of India, etc. etc.

No. F. 14(4)-E.II(A)/65

Copy with 45 spare copies forwarded to E(Coord) Branch with reference to their U.O. No. 14(17)-E(Coord)/65, dated the 29th April, 1965 for giving a suitable reply to the Public Accounts Committee.

Sd./- D. S. SANDHU,
Under Secretary to the Government of India.

MINISTRY OF FINANCE

(Department of Expenditure)

SUBJECT.—29th Report of Public Accounts Committee (Third Lok Sabha)—Recommendation at S. No. 75 (Para 76) of.

The Public Account Committee in para 76 (extract enclosed) of their 29th Report (Third Lok Sabha) have made certain general observations stressing the need for tightening up financial control in regard to watching the proper utilisation of the grants given to non-Government institutions. The Committee have also observed that the role of the representatives of Finance Ministry in the institutions receiving grants required consideration with a view to securing their effective functioning. Some of the important types of irregularities commented upon by the Committee relate to—

- (i) Release of grants to private institutions for construction of buildings in excess of the actual requirements;
- (ii) Payment of further grants to institutions which have not submitted audited accounts in respect of the earlier grants-in-aid sanctioned to them;
- (iii) Release of grants to institutions to liquidate their debts incurred prior to the approval of the schemes by Government;
- (iv) Non-receipt of performance reports from grantee institutions and failure to conduct annual review of such grants as required under the existing instructions.

In this connection, attention of the Expenditure Divisions is invited for careful note and guidance to the instructions contained in this Deptt. O.M. No. F. 14(8)-E.II(A)/64, dated the 7th December, 1964; No. 14(5)-E.II(A)/64, dated the 8th Jan., 1965 and 22nd April, 1965, and to the other relevant provisions in paras 148 to 151 in the General Financial Rules, 1963. They are also required to ensure, at the stage of budget provision, that a proper evaluation of the utilisation of the grants already given has been made by the

administrative Ministry and that further grants are justified on the basis of such appraisals vide circular U.O. No. 10(19)-E(Coord)/65, dated the 19th June, 1965.

The D.F.As./A.F.As. who function on the governing bodies of the grantee institutions as representatives of Finance Ministry are also requested to note carefully the observations of P.A.C. and to ensure that the grantee institutions observe proper financial procedures and that irregularities of the types mentioned by the Committee do not generally recur. Their attention is also invited to this Department U.O. No. 14(16)-E(Coord)/64, dated the 8th June, 1965, according to which any important points of differences with the managements are to be reported to the Finance Ministry.

Sd./- C. V. NAGENDRA,
Deputy Secretary to the Govt. of India.

All D.F.As./A.F.As./Branches in the Civil Expenditure Divisions (excluding Estt. Division and S.I.U.).

Min. of Fin. U.O. No. F. 14(18)-E(Coord)/65, dt. 13-12-65.

ENCLOSURE

EXTRACTS OF PARA 76 OF 29TH REPORT OF PUBLIC ACCOUNTS COMMITTEE (THIRD LOK SABHA)

76. The Committee would like to draw the attention of the Ministry of Finance to the following cases considered in the Report which indicate need for tightening up financial control and, in particular, the need for adequate financial scrutiny before grants are sanctioned to the non-Government institutions and for ensuring that a proper procedure is followed by the Ministries to watch the utilisation of such grants. The role of the representative of the Finance Ministry in the institutions receiving grants also requires consideration with a view to securing the effective functioning of such representatives.

Paras 1—6

Release of large "on account" payment to Indian Statistical Institute without formal agreement and without any check of the work actually done.

Paras 18—19 and 43

Release of grants to private institutions for construction of buildings in excess of requirements.

Para 27

Non-receipt of "Performance Reports" from grantee institutions and failure to conduct an annual review of such grants, as required under the instructions issued by the Ministry of Finance.

Para 28

Payment of further grants to institutions which had not submitted audited accounts for grants paid to them on earlier occasions.

Para 29

Release of grant to a private body without specific vote of Parliament to enable it to repay instalments of loan.

Para 33

Release of grants to institutions to liquidate their debts incurred prior to the approval of the schemes by Government.

Para 36

Ineffectiveness of the representative of the Finance Ministry on an autonomous body to secure the observance of proper procedure in awarding contracts.

Para 45

Release of grants by Sangeet Natak Akademi in contravention of rules.

Para 73

Loss due to delay in investment of surplus balances with an Indian Mission abroad.

MINISTRY OF EDUCATION**Recommendation**

(i) The Committee note that the payment of the subsidy of Rs. 8,500 for each language edition of the publication (*Wonder World of Science*) was agreed to as the publisher had exclusive translation rights. A sum of Rs. 1,44,500 has been paid as subsidy to the publisher against his production cost of Rs. 2,41,800 which appears to be on the high side.

(ii) The Committee feel concerned to note that the sales of the publication, particularly of regional language editions are poor. Thus the purpose of payment of subsidy to disseminate scientific knowledge among common people by keeping the price within reasonable limit has not been satisfactorily achieved. The Ministry should

therefore, take suitable steps to have the publication adequately advertised.

(iii) *The Committee hope that before subsidising translations of subsequent volumes, the Ministry will reconsider the question of reasonableness of subsidy and of reducing the number of copies to be printed in the light of sale prospects of different publications.*

[S. No. 47 of Appendix XVIII, 29th Report (3 LS)].

ACTION TAKEN

(i) The amount of Rs. 2,41,800 shown as production cost does not include any expenditure on account of trade discount and publicity and other expenses, whereas subsidy paid by Government was based on the total cost after taking into consideration estimated expenditure in respect of trade discount and publicity and other expenses. In the case of Government publications, addition on account of trade discount and publicity and other expenses is made as follows:—

(a) 40% of the production cost on account of trade discount and 20% of the production cost on account of publicity and other expenses,

OR

(b) 25% of estimated sale price on account of trade discount and 12½% of estimated sale price on account of publicity and other expenses.

On this basis, the total cost works out to Rs. 3,86,830 or Rs. 3,61,331 according as alternative (a) or alternative (b) is adopted for addition on account of trade discount and publicity and other expenses. The subsidy of Rs. 1,44,500 was given against these estimated figures.

(ii) Noted. The Publishers have been requested to give wider publicity to the publication.

Also, the publication is being brought to the notice of the Directors of Public Instruction in various States and the Community Development Blocks.

(iii) Noted. The observations made by the PAC and other relevant factors will be taken into consideration before a decision is taken to subsidise future volumes. Information from the firm about their actual expenditure on discount etc. will also be called for and taken into consideration before deciding on the quantum of subsidy for future volumes.

Recommendation

The Committee are not satisfied over the loan of Rs. 2 lakhs paid to the Institute in this case in March, 1956 remaining unutilised for

about seven years. Although under the rules only so much of funds is to be paid during any financial year, as is likely to be expended during the year, in this case the amount was paid on the last day of March 1956 when there was no possibility of its being utilised during the year 1955-56. It is surprising that the financial position of the Institute was not ascertained before the loan was given. It is regrettable that no action was taken by the Ministry on receipt of the report about the weak financial position of the Institute to get the loan refunded, and instead the amount was allowed to be with the grantee unutilised till 1963.

[Sl. No. 48 Appendix XVIII, 29th Report 1964-65].

ACTION TAKEN

The above observation of the Public Accounts Committee in respect of the interest free loan sanctioned to the National Institute of Engineering, Hoshiarpur, is dealt with below:—

As regards payment of loan when there was no possibility of its being immediately spent, it is submitted that the Principal of the Institute while requesting the Central Government to release a loan of Rs. 3·00 lakhs for students' hostel stated that the Council of the institution hoped to obtain the approval of the P.W.D. to the plans of the building by the 3rd week of January, 1956 and would thereafter proceed to give the contract of the building to the various contractors. He hoped to get the cement, steel and other materials also by that time. It was on this assurance that Rs. 2·00 lakhs was released vide letter No. F. 17-6/55-T.4 dated 11-2-1956.

As for ascertaining the financial position of the Institution before releasing the loan it may be mentioned that prior to the consideration of the development of the institute by the Central and State Government under the Five Year Plan, the Institution had been placed on the grant-in-aid, list of State Government. There was consequently no room for doubt its satisfactory financial position. It was only at the meeting of the reconstituted Executive Committee which met in June, 1957, that the representative of the Ministry of Education, became aware of the meagre resources of the Institution which were not considered adequate enough to meet its obligations in regard to a part of the recurring expenditure. No sooner was this fact known than the Ministry took up the matter with the State Government and requested it to underwrite the entire share of the Institute, in case it did not fulfil its obligation. In the meantime the State Government was requested to ensure that the loan (which had been kept in a joint bank account operated upon by the nominees of the State Government and the Institution) was not made available to the Institution. Action was not

taken to get the amount refunded immediately as it would have meant the scrapping of the development plan of the Institution. At a later stage when the State Government delayed the release of funds to this Institution until the latter had given an understanding to hand over the control of the institution to the State Government, the Ministry promptly called upon the State Government to refund the money before 31st March, 1960 if it was not likely to be utilised before that date.

The observations of the Public Accounts Committee have, however, been noted for future guidance.

Recommendation

The Committee are not satisfied with this explanation. It passes their comprehension how the Finance Ministry could acquiesce in the view of the Ministry of Education, when obviously an amount of Rs. 2·00 lakhs out of the total loan of Rs. 3·00 lakhs could not have been utilised by the Institute in two months. The Committee feel also concerned to note that the Ministry of Education could not assess correctly as to whether the amounts of loan of Rs. 2·00 lakhs would be utilised at the fag end of the financial year. They hope that the Ministries of Finance and Education would be careful while sanctioning loans/grants in such cases in future.

[S. No. 49 Appendix XVIII, 29th Report 1964-65].

ACTION TAKEN

When the Ministry of Finance agreed on the 6th February, 1956, to the payment of a sum of Rs. 2 lakhs to the National Institute of Engineering, Hoshiarpur being the first instalment of interest-free loan towards the construction of a students hostel they did so on the understanding that the Education Ministry were fully satisfied that most of the amount of the loan would be spent in the "current" financial year. The intention was that, if the Administrative Ministry were not satisfied about the capacity of the Institution to spend such a large amount during the remaining part of the financial year, the matter would be referred to the Ministry of Finance again for consideration. In this event and as the basis of the Administrative Ministry's advice, the Finance Ministry might have suggested the release of a smaller amount which the Institution would have had no difficulty in spending during that financial year. In reply to the Finance Ministry's note, the Ministry of Education recorded a note on their file that they were satisfied (on this score) and proposed to issue the necessary sanction.

2. Although no detailed reasons for the action taken were recorded on the file yet it is understood that the Ministry of Education issued the sanction in the expectation that the Institution would be able to pay for cement and steel and other building materials before the close of the financial year 1955-56 and thus spend a substantial amount of the loan released. In doing so they were guided to a large extent by the following statement made *inter-alia* by the President, Council of the National Institute of Engineering at the time of making the formal request on 29-12-1955 for the loan from the Central Government:—

"In the case of building, the Council hopes the approval of the plans by the P.W.D. Punjab State by the 3rd week of January, 1956 and then to give contract to the various contractors. It is hoped that the cement and steel will be made available to the Council by the 3rd week of January, 1956. The purchase of other materials is being negotiated and as soon as the grant is received, the contract for the supply of materials will be finalised.

* * * *

I shall feel obliged if you very kindly pay rupees 3 lakhs loan for building the Institute Hostel. It is intended to start the hostel along with Institute Building".

3. However, the Institution delayed encashment of the bills till the last day of March, 1956 thereby delaying the expenditure that could have been incurred in the financial year 1955-56. Had the Institution taken action with regard to procurement of steel, cement and other materials, as had been indicated in their request, it might have been possible for them to spend a large amount of the loan.

4. The observation of the Public Accounts Committee have, however, been noted.

5. Action taken in respect of S. No. 49 has been seen by the Ministry of Finance.

(The note has been vetted by the A.G.C.R., New Delhi vide their U.O. No. RR 5-1/65-66/492 dated 18-8-1965)

[U.O. No. F. 32-5/65-T.4 dated].

Recommendation

From a note (Appendix XV) submitted by the Ministry, the Committee learn that during the years 1962-63 and 1963-64, 19 research schemes submitted by scientists working in universities and other institutions were prematurely terminated, either as a result

of the recommendations of the Expert Committees of the Council of Scientific and Industrial Research or the Scientists leaving the Institutions. This resulted in the grants amounting to about Rs. 1.5 lakhs being rendered mostly infructuous. The Committee suggest that the system of sanctioning such scheme should be regularly reviewed so as to ensure that the factors resulting in premature termination of schemes are eliminated.

[Serial No. 50(ii) of Appendix XVIII to 29th Report—Third Lok Sabha].

ACTION TAKEN

The observations made by the Public Accounts Committee have been noted. It may, however, be stated that the research schemes are sanctioned after careful scrutiny and in few cases termination of research schemes becomes unavoidable mainly due to following reasons beyond control:—

- (i) when the Investigator-in-charge is transferred or unable to carry on that particular research work due to unavoidable circumstances; and
- (ii) when the progress of the research work is not reported satisfactory.

Recommendation

The Committee hope that as a result of the finalisation of negotiations with the local authorities for supply of sewage etc. and repair of the pond, the experiments will be started early, and the chemicals and furniture etc. would be utilised.

[Serial No. 51 of Appendix XVIII to 29th Report—Third Lok Sabha].

ACTION TAKEN

The experimental oxidation ponds were commissioned on 11-2-1965. Chemicals and furniture have been utilised by the Bhandewadi Field Laboratory and other field centres and Divisions of the Central Public Health Engineering Research Institute, Nagpur.

Recommendation

In evidence, the representative of the Council stated that the DGS&D had referred to arbitration, question of recovery of the damages from the clearing agents. The Committee would like to

know the outcome of the arbitration proceedings. They hope that the Council of Scientific and Industrial Research will in future take necessary precautions to ensure that the goods are cleared in time and delivered to the site without delay.

[Serial No. 52 of Appendix XVIII to 29th Report—Third Lok Sabha].

ACTION TAKEN

It now transpires that the Director, Central Electro-chemical Research Institute, Karaikudi had under some misapprehension intimated to the Council of Scientific and Industrial Research that the case had been referred by Director, Supplies & Disposals, Madras to D.G.S.&D., New Delhi for arbitration. This was not correct and is very much regretted.

The latest position of the case is that the damaged recorders were collected by M/s. South India Corporation (A) Private Ltd., Madras (Clearing Agents) on 10-3-1965 and sent to M/s. Blue Star Engineering Co., Madras for repairs. M/s. Blue Star Engineering Co. are representing M/s. Honeywell and have facilities and trained personnel to attend to repairs of Honeywell instruments in India.

M/s. Blue Star Engineering Co., Madras repaired both the recorders. The representative of the Central Electro-chemical Research Institute, Karaikudi went to Madras to test the recorders. He could, however, check up completely only one recorder, the other recorder could be finally tested only after its being fitted in the Differential Thermal Analysis Apparatus at the Institute.

Accordingly both the recorders were brought to Karaikudi by the representative of M/s. South India Corporation (A) Private Ltd. on 15-10-1965 and the Central Electro-chemical Research Institute, Karaikudi have taken up the work of final testing.

Instructions have already been issued to all the National Laboratories/Institutes to keep proper watch over the receipt of consignments and to take immediate action to clear the goods well in time, vide letter No. 1(32)/63-Aud. dated 2nd February, 1965 (Annexure I).

Recommendation

The Committee feel concerned to note that in this case the defalcation of funds received by the Central Fuel Research Institute during the years 1956-57 and 1957-58 for disbursement to trainees came to notice only in July 1963, i.e. 5-6 years after. In view of the fact that a large number of institutions are imparting

training under the scheme and are receiving funds from the Ministry for disbursement to trainees, it is necessary that suitable remedial measures are taken without further delay to plug the loopholes in the system in order to avoid recurrence of such cases. The Committee would like to know the outcome of the investigations into the present case and the remedial measures taken.

[Serial No. 53 of Appendix XVIII to 29th Report (Third Lok Sabha)].

ACTION TAKEN

In order to avoid any misappropriation, the grants received for schemes financed by outside organisations are now incorporated in the main accounts of the National Laboratories/Institutes, as per instructions already issued to them *vide* annexures II and III.

As regards the present position of the instant case, a Departmental Enquiry conducted by the Council of Scientific and Industrial Research in July, 1963 showed that two officials were involved in the defalcation. Out of these two, one official had since retired from the service of the Council and under the rules no departmental action could be taken against him. The extent to which both or either of these officials were involved in the said defalcation could also not be established as a result of departmental investigation. It was accordingly decided to entrust the investigation to the Special Police Establishment. The Special Police Establishment subsequently conducted their own investigation in the case and decided to prosecute both the officials, and filed a charge-sheet against them in the court of S.D.O., Dhanbad on 5-8-1964. The case is pending in the said court and is sub-judice.

RECOMMENDATION

The Committee are not happy over the delay in the submission of utilisation certificates by the grantees. Out of 2165 cases as on 30-9-1963, 1519 cases are still outstanding. The Committee note the measures taken by the Council of Scientific and Industrial Research to expedite the submission of utilisation certificates. They hope that the position will be kept under constant review.

[Serial No. 54 of App. XVIII to 29th Report—Third Lok Sabha].

ACTION TAKEN

The receipt of utilisation certificates of the C.S.I.R. Research Schemes are in progress. Out of outstanding 1519 cases, utilisation certificates in 362 cases have since been obtained. The grantees are being reminded regularly to expedite the same. The progress of the receipt of utilization certificates is being intimated to A.G.C.R. periodically.

Recommendation

The Committee feel somewhat concerned at a large number of Scientists still in the Pool. As on 1st June, 1964, 530 Scientists were in the Pool, out of whom 53 had been there for more than 2 years and 111 for more than a year. The Committee note the steps proposed to be taken to expedite the absorption of Scientists. They feel that in the context of the present Scientific and Technical Development in the country and the shortage of scientists, one year should be the maximum period by which pooled officers should be able to get employment.

[Serial No. 55 of Appendix XVIII to 29th Report—Third Lok Sabha.]

ACTION TAKEN

Placement in the Pool is of the nature of an interim arrangement to provide employment to highly qualified Indian Scientists returning from abroad until they are absorbed on a more or less permanent basis. The rapid absorption of Pool Officers, depends upon the availability of vacancies in the field of individual specialisation, normal recruitment procedures and personal preferences of the Scientists concerned. In pursuance of the decision that Pool Officers working for over one year may be considered for appointment to supernumerary posts wherever justified, the C.S.I.R. has been constantly reviewing such cases and making appointments by creation of supernumerary posts. The majority of the Pool Officers (85%) are, however, working outside the C.S.I.R. and it is for the organisation concerned to decide the feasibility of providing such appointments to Pool Officers working under them. The C.S.I.R. has taken up all such cases with those organisations and had also offered financial assistance where necessary in the case of non-governmental institutions.

Recommendation

The Committee regret to observe that the case is indicative of lack of proper planning and foresight. They would like to be informed when the entire equipment is brought into use.

[Serial No. 56 of App. XVIII to 29th Report—Third Lok Sabha.]

ACTION TAKEN

The equipment/apparatus were commissioned on 2nd July, 1964, in the Workshop of the Central Electrochemical Research Institute, Karaikudi.

Recommendation

The Committee regard 4½ years (July, 1958 to January, 1963) as too long a period for the equipment remaining under trials. In their opinion, it is a fit case for the suppliers being asked to pay penalty for the delay in commissioning the plant.

[Serial No. 57 of Appendix XVIII to
29th Report—Third Lok Sabha.]

ACTION TAKEN

The D.G.S. & D, New Delhi imposed liquidated damages amounting to Rs. 2,000 on the firm and the amount has been recovered in full.

Recommendation

The Committee feel concerned at the inordinate delay in bringing the equipment into use. They hope that such delays will not occur in future.

[S. No. 58 of App. XVIII to 29th
Report—Third Lok Sabha.]

ACTION TAKEN

The National Laboratories/Institutes of the C.S.I.R. have been instructed to make purchases of equipment only on their actual need. (copy of letter No. 18/13/64-PU dated 6th February, 1965, is attached—Annexure IV).

Recommendation

The Committee desire that the C.S.I.R. should undertake a review to ascertain the extent to which the equipment machinery etc., held by the various laboratories/institutions (costing Rs. 9·12 crores) are being utilised. The Committee would like to be informed of the outcome of the review.

[Serial No. 59 of Appendix XVIII to 29th
Report—Third Lok Sabha.]

ACTION TAKEN

A general assessment of the utilisation of equipment and instruments in the National Laboratories/Institutes made in February, 1965, revealed that out of 1795 items, only 68 were not in commission at that time due to reasons mentioned in Col. 5 of the Annexure V. The

latest position as on 30th June, 1965, intimated by the National Laboratories/Institutes has been indicated in Col. 6 of the Annexure V.

The above replies have been vetted by Audit (A.G.C.R.) vide their letter No. RR5-10/65-66/608 dated 17th September, 1965, (copy enclosed.).

Ministry of Education Note No. 18/13/64-PU.]

No. RR5-10/65-66/608.

OFFICE OF THE ACCOUNTANT GENERAL CENTRAL REVENUES

INDRAPRASTHA ESTATE.

New Delhi-1, Dated 17th September, 1965.

From

The Accountant General, Central Revenues, New Delhi.

To

The Secretary to the Govt. of India,
Ministry of Education,
(C.S.I.R.),
New Delhi.

Attention: Shri B. D. Gupta, (B. & A.O.).

SUBJECT.—Public Accounts Committee's 29th Report (Third Lok Sabha—Action taken by the Ministry).

Sir,

I am to invite a reference to the Ministry's letter No. 18/13/64-PU dated 16th August, 1965 on the subject cited above.

2. The 'note' as appended to the Ministry's letter under reference may please be submitted to the Lok Sabha Secretariat after indicating the total money value of 68 items in the Ministry's reply to serial No. 59 of Appendix XVIII to the Public Accounts Committee's 29th Report (Third Lok Sabha).

3. Incidentally, it may be pointed out that the public Accounts Committee discussed the case relating to serial No. 56 in the middle of July, 1964 (not July, 1965).

Yours faithfully,

True Copy Attested:—

Sd/- L. RAMANATHAN,
Section officer.

Sd/- S. K. VISWANATHAN,
Asstt. Account Officer (R)

ANNEXURE I

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

No. 1 (32)/63-Aud.

RAFI MARG,

From

New Delhi, the 2nd February, 1965.

The Secretary,

Council of Scientific & Industrial Research

To

All the Directors of the National Labs./Instts.

SUBJECT.—*Clearance of goods from Railways and shipping agencies in time.*

Sir,

I am directed to state that a case has been brought to the notice of the Public Accounts Committee by audit in which an order for the supply of scientific apparatus costing Rs. 29,529/- was placed by one of our National Laboratories on a foreign firm on 1st June, 1960 and the consignment was cleared by the clearing agents on 14th July 1961, but was despatched to the Laboratory so late as to reach the premises of the Laboratory on 18th November, 1961. Having noticed that major part of the apparatus had been damaged, the Laboratory lodged a claim with the Insurance Co., for damages assessed at Rs. 15,320/-, but the claim was rejected having become time-barred, as it had not been preferred within 60 days from the date of landing of consignment.

In this connection the Public Accounts Committee have made the following observations:—

“The Committee will like to know the outcome of the arbitration proceedings. They hope that the CSIR will in future take necessary action to ensure that the goods are cleared in time and delivered to the site without delay.”

This should be brought to the notice of all concerned, with instructions to keep proper watch over the receipt of consignment and to take immediate action to clear the goods well in time so as to avoid recurrence of such losses and criticism by audit. Suitable instructions should also be given to the clearing agencies so that goods are cleared and delivered to the site in time.

Yours faithfully,

Sd/- (B. D. GUPTA),

Budget & Accounts Officer.

Copy to (1) All Accounts Officers of the National Labs./Instts.

(2) W. & P. Section, General Section and P.E.O. Section.

ANNEXURE II

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

RAFI MARG,

No. 11(12) Accts./57.

New Delhi, 19th July 1958

From

The Secretary,

Council of Scientific and Industrial Research

To

All Directors and Heads of Laboratories/Institutes of C.S.I.R.

SUBJECT:—*Contribution from outside Agencies for financing certain schemes on their behalf by Laboratories/Institutes, and adjustment thereof.*

Sir,

I am directed to state that in respect of schemes financed by outside agencies, contributions are received by the laboratories at which they are worked either direct or through the Central Office, and separate accounts are kept by them which are not reflected in their monthly accounts rendered to the Council. Since, however, the monthly accounts should cover all sorts of transactions, it has been decided that a separate sub-head should be opened by the name of each scheme under the head "Deposits and Advance" for crediting the contributions received and debiting the expenditure met therefrom under suitable detailed heads when necessary. At the end of the year, the balance in respect of each scheme and forming part of the general closing balance of the previous year should be worked out and carried over to the next year. An account of these transactions should be rendered to the parties concerned as at present.

Yours faithfully,

Sd/- B. D. GUPTA,

Budget & Accounts Officer.

ANNEXURE III

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

RAFI MARG,

New Delhi, 15th November, 1962

From

The Secretary,

Council of Scientific & Industrial Research.

To

All Directors and Heads of Laboratories/Institutes of C.S.I.R.

SUBJECT:—*Research schemes financed by organisations outside C.S.I.R.*

Sir,

I understand that some scheme/schemes financed by outside organisations are being worked at your laboratory/Institute and that funds are remitted by them direct to you. In some cases where funds are received in the Central Office, they are placed at the disposal of the Laboratory concerned in due course. I shall be glad to know the names of all such schemes alongwith the names of the organisation concerned, and amounts received during the current year for each scheme. I would also request you to kindly confirm whether funds received from outside organisations are kept outside the laboratory account or are incorporated therein under the Head 'G-Deposits' and an account of Receipts and Expenditure in respect of each scheme is rendered to the organisation concerned duly audited by the Audit Party of the A.G.C.R.

Yours faithfully,
Sd/- A. J. KIDWAI,
Secretary.

ANNEXURE IV

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH
RAFI MARG,
New Delhi, the 6th February, 1965

No. 18/13/64-PU.

From

The Secretary,
Council of Scientific & Industrial Research

To

The Heads of all the National Laboratories/Institutes.

SUBJECT.—*Public Accounts Committee—29th Report on the Appropriation Accounts (Civil) 1962-63 and Audit Report (Civil) 1964—Para 59 of the Report regarding non-utilisation of the machinery and equipment.*

Sir,

In continuation of this office letter No. 1(32)/63-Aud. dated the 2nd February, 1965 on the above subject, I am directed to state that

the Public Accounts Committee of the Third Lok Sabha while considering the Audit Report on the accounts of CSIR and its National Laboratories/Institutes for the year 1962-63 pointed out that some items of equipment and machinery acquired by certain laboratories have been lying idle for several years. The Committee has made the following observation in this regard:—

“The Committee feel concerned at the inordinate delay in bringing the equipment into use. They hope that such delays will not occur in future.”

It is requested that the above observations may kindly be brought to the notice of all concerned and steps taken to ensure that purchase of equipment is made in accordance with actual need.

Yours faithfully,
Sd/- S. L. DAR,
Under Secretary.

ANNEXURE V
List of equipment and instruments lying unutilised in the National Laboratories/Institutes

Serial No.	Particulars of Equipment/apparatus	Date of arrival	Cost of equipment	Reasons for non-utilisation	Present position as intimated by the Laboratory/Instt. as on 30-6-65		
1	2	3	4	5	6		
National Chemical Laboratory, Poona:							
1	Counter current extraction Unit	3-9-57	4,742	Recently received and being put in utilisation.	Is in active use.		
2	M. S. Welded oil fired Rotary, Furnace (60 cm x 180 cm) complete.	29-6-62	16,500	These heavy pilot plant units were procured for products like production of carbon black, calcium carbide, fluidization, roasting of Indian lime-stone, etc. however, these projects did not materialise. These will be soon put to use for our investigations on ilmenite, aluminium chloride, etc.	It has now been found that these items of equipment are unlikely to be used by National Chemical Laboratory, Poona in the near future. And they may be offered to other National Laboratories.		
3	Briquetting machine avoid complete	21-5-58	45,424				
4	Lenver standard duty spiral thickener unit	3-9-57	10,469				
5	Dust collector	5-10-57	8,231				
6	Continuous closed circuit pilot plant dry grinding unit.	17-3-58	46,769				
7	Emco Panel continuous drum vacuum filter unit.	24-10-58	34,708				
8	Photostate Machine	5-10-57	14,213				
9	Liquid air plant (out put of 7 litres)	10-7-61	53,950			Could not be used due to lack of spares. However it will be soon commissioned.	Will be used very shortly.
10	American Electric High speed furnace	24-10-57	28,604			In 1962, 1963 could not be utilised due to damaged liquifier unit which was subsequently replaced. Awaiting erection in newly constructed building.	Now in use.
							In continuous use for over a year.
					Being tested & will be utilised shortly,		

11	Down the therm heated reaction Kettle unit.	24-10-57	Rs. 38,950	Could not be operated due to some defects: is now being repaired and soon the unit will be in operation.	Will be used shortly.
<i>National Physical Laboratory, New Delhi:</i>					
12	Electric Paramagnetic resonance spectrometer.	March, 65	1,85,520	Recently received.	The equipment is in the process of utilisation.
<i>Central Fuel Research Institute, Jaisalmer:</i>					
13	Piros-Glover Spinning band fractionation low capacity column.	May, 64	7,280	Recently received, will be fully utilised.	Being utilised since March, 1965.
14	Contract angle measuring apparatus Leitz.	Jan., 1952	2,134	Utilised fully earlier but stuck up for some small spare parts—will be utilised fully when the parts received.	Has been in use as indicated in column 5.
<i>Central Glass & Ceramic Research Institute, Calcutta:</i>					
15	Metrovac Coating Unit	23-3-64	12,180	It is yet to be installed. The delay is due to short supply of some components from abroad.	Suppliers, their London Principals & D.G.S. & D. have been remained to expedite complete installation.
16	Boiler	18-7-62	32,481	Boiler has been installed, the unit is awaiting to be certified by Govt. authority for commission.	Will be utilised in 3 months approximately.
17	Water softening Plant	19-2-62	4,500	For use with Boiler above.	Will be utilised in 3 months approximately.
18	Air Compressor	20-11-64	3,050	Installation is not complete.	Commissioned on 26-6-65.
19	Leitz Heating microscope 1880° C.	30-11-63	37,170	Only part supply has been received.	Will be utilised by August, 1965.
<i>Central Drug Research Institute, Lucknow:</i>					
20	Freeze dryer, Vir Tis	13-8-62	5,715	Out of commission due to some defects.	Being utilised since their arrival except for a short period.
21	Flame Spectrophotometer, Unicam SP 900.	5-12-62	13,000	Out of commission due to defective electronic system.	Being utilised since their arrival except for a short period.
				Attempts are being made to rectify the defects.	

	2	3	4	5	6
22	Automatic fraction collector, Emenvee	12-5-64	5,551	Certain parts are yet to be received before the instrument is commissioned into service.	Being utilised since their arrival except for a short period.
	<i>Central Electrochemical Research Institute, Karaikudi:</i>				
23	Glass-lined vacuum distillation unit	13-3-64	9,490	Supply of steam awaited for using the equipment.	Will be commissioned by July, 1965.
24	Ammonia dissociator	16-10-64	18,763	Ammonia supply awaited.	Commissioned on 5-6-65.
25	R. S. Enograph Type ZSG	21-8-63	7,218	Incorporated in chronocollipsometric set up being assembled.	Since utilised.
	<i>Central Leather Research Institute, Madras:</i>				
26	Alkyd Resin Manufacturing equipment	16-6-62	7,560	Unutilised. To be pressed into service as soon as project reaches pilot plant stage.	Since utilised.
27	Vibrating screen	21-6-60	3,820	Not utilised.	Commissioned. To be utilised in alternative project, failing which will be declared surplus.
28	Raymond Lab. Mill	30-10-55	89	Makes noise (to be utilised in pilot plant).	Utilised since April, 1965 for giving sample upto 1 Kg.
29	Tekatsy loop micro-titrator	9-1-64	1,190	Not utilised. Kept for future use.	To be utilised in 1965-66 for Project on Tracers studies in Mineral Tannages.
	<i>Central Building Research Institute, Roorkee:</i>				
30	Tar Spraying Machine	25-2-61	850	Project in which this will be used not yet taken up.	Will be used in 1965-66.

Equipment received in damaged condition. Indian Agents have taken the matter with their Principals to supply the damaged parts.

Ra. 1,460 Not yet used for want of replacement of defective parts.

30-3-60

31 Honovia Alpine Sun Lamp

Central Salt & Marine Chemicals Research Institute, Bhaunagar :

Will be utilised in 6 months.

Complete equipment not yet received.

11,826

30-3-61

32 Freiske & Høpfner scaler unit radio chemical apparatus.

Utilised in April, 1965.

Received recently.

16,773

25-3-65

33 Sargent recording potentiometer

Utilised in April, 1965.

Do.

12,590

19-10-64

34 Vapour pressure Osmometer

Utilised in April, 1965.

Do.

38,787

31-3-64

35 X-ray apparatus

Will be utilised in 6 months time when complete equipment is expected to be received.

Complete equipment not yet received.

7,639

13-2-63

36 Electro magnet

Central Mining Research Station, Dhanbad :

Utilised since June, 1965.

Some clarification from the manufacture is being sought concerning the Fox Borrough equipment with which this recorder is to be used.

11,362

22-9-62

37 Recorders, flow, electronic, Dynalog, range 0-1500 GPM, serial 854620, M/9650 C.

Trial runs taken in hand from 15-6-65

Plates have only recently been received and it is hoped that it will be utilised soon.

23,348

10-4-62

38 High speed Camera

I.	2	3	4	5	6
					Rs.
39	Pan Chromatograph for analysis of Mine air (CO, CO ₂ , CO, H ₂ , O ₂).	25-6-63	19,200	It was idle for want of parts which have been received recently.	Apparatus defective. Expected to be utilised in one year.
40	Hexhlet air sampler	2-9-61	820	Could not be utilised for want of parts which are expected soon.	In use since June, 1965.
41	Tyndalloscope	6-9-62	3,115	The battery required for this equipment was received damaged. Attempts are being made for getting them early.	Expected to be used in a few months.
42	Cleaning & Testing Apparatus for dust mask.	26-3-62	1,986	Arrangements are being made for getting facilities for tests of dust respirators where these equipments would be required. At present not in use.	Likely to be used in six months time.
43	Universal Test Gauge for gas flow	Do.	2,386			Do.
44	X-ray radiograph-140 Ku portable machine	22-4-63	10,335	It could not be utilised as some parts were received defective. Arrangements are being made to send the equipment to suppliers in England for necessary repairs.	Export of equipment is being arranged. May be utilised in 6 months time.
45	High Voltage fault localisation, bridge.	4-12-63	4,972	Due to non-availability of certain essential accessories which did not come alongwith the equipment, it could not be used.	Spares have since been received. Installation is in progress.
46	Pneumatic stowing Machine	10-4-64	4,20,537	For its proper utilisation, some additional spares have already been ordered.	Expected to be utilised in October, 1965.

National Aeronautical Laboratory, Bangalore

47	Surface Measuring Instrument, TALY-SURR.	Feb., '64	4,509	To be used when the Model shop is ready.	Utilised since March, 1965.
48	Automatic linear graduating machine, KESEL Type L-14.	May, '64	54,595	Do.	Do.
49	High Intensity Light-source TINSLEY.	Nov., '64	28,190	To be used when 1' x 1' tunnel is installed.	Utilised since May, 1965.
50	Universal Vertical Milling Machine, HMT.	Jan. '65	54,227	No power supply.	Utilised since March, 1965.
51	Pehaka Bandsaw Filing Machine	Jan. '64	10296.0 (DM)	To be used when the Model shop is ready.	Utilised since March, 1965.
52	Harding Lathe	Aug. '64	42,224	To be used when the Model shop is ready.	Utilised since March, 1965.

Indian Ocean Expedition, New Delhi :

53	T. S. Self Directing current meter. (Qty. 2).	Aug. '63.	3,720	1 year and 6 months required to be calibrated before use and ship facility required.	These items of equipment were received from UNESCO under contract for a physical Oceanography Trg. Centre. The physical Oceanography trg. project is proposed to be started in early 1966 as part of general Oceanography training programme with support of the UNESCO. Plans are under way to start this trg. programme in Bombay. These items of equipment will be used then.
54	Frautschy Bottles. (Qty. 12)	May, '64	3,300	Will be used when ship facilities are available in another 6 months.	
55	Ductet Thermometers. (Qty. 6)	May, '64	1,950	Kept as standby and will be used as and when required.	
56	Nansen Reversin Water Bottles. (Qty. 8).	Feb. '64	1,344	Kept as standby since the beginning of its receipt and will be used as and when required.	
57	Set of equipment for microlora & Microzooplankton (Qty. 1)	Dec. '64	2,578	Recently received and will be used within 3 months.		These items have been received from UNESCO under contract for use in the Indian Ocean

1	2	3	4	5	6
58	Hand Tally Counters	• • • July, '64	239	Kept as standby and will be used as and when required.	<p>Biological Centre. According to the decision of the UNESCO all items supplied under this contract are to be under the charge of the UNESCO appointed Curator till the close of the expedition. The old Curator has left and the new curator is expected to join within the course of next 3 months. The equipment will be used after the Curator joins & under his guidance and supervision.</p>
59	Denominators (Qty. 6)	• • • Dec., '64	1,500	Recently received and will be used within 2 months.	
60	Moisture Determination Balance (Qty. 1).	Balance Dec., '64	2,025	Recently received and is being sent to the place of its use from Headquarters.	
61	Stop watches (Qty. 2)	• • • Nov. '64	196	Recently received and is being sent to the place of its use from Headquarters.	
62	(Dissection) microscope (Qty. 13)	• April, '64	1,326	Recently received.	
63	New baby gas plant. (Qty. 1)	• April, '64	829	Recently received.	

The Chemical Unit of the Indian Ocean Biological Centre is housed in a Pvt. Bldg. at Ernakulam and the house owner has been approached for permission to lay the pipe line. As soon as this is done, gas plant will be put into operation.

Regional Research Laboratory, Jammu

64	Leaf Extracting machine with 1 HP Motor 940 PRM with one reduction gear.	9-3-64	6,700	This is a pilot plant machine to be fitted in the pilot plant section of the laboratory, besides it is not being presently utilised for want of few additional items, necessary to utilize the extract from the said machine.	Will be fully utilised when the pilot plant section of the Laboratory is set up in about 6 months.
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65	Lunatron Photoelectric fluorescence meter model 402 EF S.No. 5294	14-9-62	Rs. 5,575	Accessories which were awaited have been received today, the 20-2-65. The equipment will be utilised soon.	Is being put to use in a week's time. (July, 65).
<i>Central Scientific Instruments Organisation, Chandigarh :</i>					
66	Micro Wave Signal Generator—Type 1276 No. 907086.	30-3-64	18,626	} As the Micro-wave Lab. has not started working.	Since March, 1965.
67	FMV Microwave Noise Generator type 1273 16019.	30-3-64	3,589		Since March, 1965.
68	EMG Microwave Power Meter type 13850B. No. 901205.	30-3-64	5,274		As the Micro-wave Laboratory has not started working.	Since March, 1965.
GRAND TOTAL			14,89,773		
Plus			DM 10,296		

Recommendation

In evidence, the representative of the Council stated that the DGS&D had referred to arbitration, question of recovery of the damages from the clearing agents. The Committee would like to know the outcome of the arbitration proceedings. They hope that the Council of Scientific and Industrial Research will in future take necessary precautions to ensure that the goods are cleared in time and delivered to the site without delay."

[Serial No. 52 of Appendix XVIII to 29th Report—Third Lok Sabha.]

ACTION TAKEN

Further to the information already communicated to the Lok Sabha Sectt. *vide* O.M. No. 18/13/64-PU dated 30th October 1965, the Director, Central Electro-Chemical Research Institute, Karai-kudi, has intimated that both the recorders, having been repaired by M/s. Blue Star Engineering Co., Madras have been installed in the Differential Thermal Analysis Apparatus and tested and the whole unit is working satisfactorily.

The above reply has been vetted by Audit (A.G.C.R.) *vide* their letter No. RR5-10/65-66/846 dated 17th December 1965 (copy enclosed).

[C.S.I.R. Note No. 18/13/64-PU.]

OFFICE OF THE ACCOUNTANT GENERAL CENTRAL REVENUES,

NEW DELHI-1

No. RR5-10/65-66/846

Dated the 17th December, 1965.

To

The Secretary to the Govt. of India,
Ministry of Education,
(C.S.I.R.),
Rafi Marg,
New Delhi.

SUBJECT:—*Public Accounts Committee's 29th Report (Third Lok Sabha)—Action taken by the Ministry.*

Sir,

I am to invite a reference to the Ministry's O.M. No. 18/13/64-PU dated 26th November, 1965 on the subject cited above.

2. We have no remarks on the position stated in the Ministry's O.M. under reference. A formal communication in this regard may please be sent to the Lok Sabha Sectt.

*3. The Central Electrochemical Research Institute, Karaikudi letter dated 17th November 1965 together with its enclosure is returned.

Yours faithfully,

Sd./- S. K. VISWANATHAN,
Asstt. Accounts Officer(R).

True Copy
Attested by:
(L. Ramanathan)
Section Officer

Council of Scientific and Industrial Research

Recommendation

The Committee are surprised that even after three years of its establishment the Council had not been able to finalise the form for preparation of its accounts. They desire that early decision should be taken in the matter.

[Sl. No. 68 of Appendix XVIII to 29th Report (Third Lok Sabha).]

ACTION TAKEN

Audits suggestion that the Council should also prepare statement of liabilities has been concurred in by the Council and A.G.C.R. has been requested to suggest the forms in which the accounts should be maintained. A.G.C.R.'s advice has been received and is under consideration by the Council. The forms would now be finalised very soon.

Recommendation

The Committee regret the inordinate delay in the formal transfer of the assets and liabilities to the Council.

[Sl. No. 69 of Appendix XVIII to 29th Report (Third Lok Sabha).]

ACTION TAKEN

The transfer has been effected and the conveyance deed has also been signed on 16th June, 1965.

Recommendation

The Committee regret to note that the budget provision was made for the scheme (for grants for evening colleges and correspondence courses) in anticipation of its implementation during the year as a result of which there was a saving of 99 per cent of the original provision. The Committee also feel that the time taken by the Expert Committee in submitting their report was unduly long.

[Sl. No. 4 of Appendix XXVII to 39th Report (Third Lok Sabha)].

ACTION TAKEN.

(i) The observations of the Public Accounts Committee in regard to budget provision that was made in the year in anticipation of the implementation of the scheme has been noted and every care will be taken to make a judicious provision in the budget estimates in future years for the existing schemes as well as the schemes proposed to be implemented hereafter.

(ii) As regards delayed submission of report by the Expert Committee on Correspondence Courses and Evening Colleges, it may be stated that the said Committee was appointed in March, 1961 and it submitted its report in two parts in May, 1962 and in October, 1962. The Committee met 10 times in all on 7th July, 22nd September, 1961, 29th January, 9th March, 11th May, 21st May, 9th July, 28th July, 30th August and 1st October, 1962. Thus a meeting was held on an average after every two months. There were in all, 9 members, both Indian as well as foreign educationists in the Committee and meetings had to be fixed after ascertaining the convenience of all the members. Of the two schemes which were referred to the Committee, the scheme on Correspondence Courses was a new experiment for India and the Committee had to assess carefully its impact on educational standards and to take into account several other factors before arriving at its conclusions. The study of all the relevant factors apparently caused delay in the submission of the Report in question. The observations of the Committee have, however, been noted.

Recommendation

The Committee desired to be furnished with a copy of the Report of Enquiry along with the Audit Report. The Committee have been furnished with a copy of the Report of the Departmental Enquiry into the affairs of the Vishwayatan Yoga Ashram (Delhi & Katra Vaishnav Devi Branches) together with a supplementary Report. It has been stated in the Report inter-alia that:—

“That further enquiry should be taken up without further delay. No further grants should be paid to the Vishwayatan Yoga Ashram till the enquiry is completed and their position cleared. Precautions should, however, be taken to ensure that the buildings constructed at Katra are properly maintained and preserved from damage. Even apart from the allegations of misappropriation etc., there is enough evidence of mismanagement and lack of elementary accounting procedures to warrant the complete stoppage of all grants to the Ashram. This is all the more necessary as the Ashram did not take action to

rectify the maintenance of accounts inspite of the warnings issued to them after the first enquiry."

The Committee note with regret that there are allegations of mis-appropriation etc. They would like to be informed of the final outcome of the case.

[Sl. No. 5 of App. XXVII to 39th Report (Third Lok Sabha)].

ACTION TAKEN

The Ministry of Education gave careful consideration to the points that emerged from the Departmental Enquiry Committee's report referred to by the PAC in their 39th Report. (Third Lok Sabha). The Enquiry Report contains evidence of mismanagement of funds and laxity of administrative control over the employees of the Ashram entrusted with the handling of funds resulting in minor misappropriation by two employees of the Ashram, even though no case of misappropriation or embezzlement as such could be established against the authorities of the Ashram. The Ministry of Education therefore, in consultation with the Ministry of Home Affairs decided on 15th October, 1965 not to give further grants to Vishwavyatan Yogashram. At the same time, an Evaluation Committee was set up on 28th October, 1964 to review the working of the Ashram and make recommendations about its future.

(This decision of the Ministry on the Departmental Enquiry Committee Report has already been communicated to the Public Accounts Committee vide this Ministry's O.M. No. F. 3-6/64-PE.4, dated 31st May, 1965, in response to the Lok Sabha Secretariat O.M. No. 2/1/6/64-PAC dated 25th July, 1964).

The Evaluation Committee has submitted its report on 1st May, 1965 to the Government.

(A copy of the report is appended*). This has been examined by Government and the following decisions have been finally taken at E.M.'s level on 31st May, 1965:—

- (1) Government undertake to discharge the approved liabilities of the Vishwavyatan Yogashram upto the date when it was informed that no more grants would be given to it. The liabilities that the Government will discharge will be those certified by the Auditors.
- (2) The Ministry might consider the question of giving grants to the Ashram, in future provided the Ashram sets its house in order either by reconstituting itself or by appointing a Board of Trustees with which the Ministry will be associated. This decision has been taken in view

*Not printed.

of the consideration that the Ashram can play an important part in the development of Yoga in which both Europe and United States are taking more and more interest.

- (3) The building at Katra Vaishnav Devi can be utilised for the purpose of training Teachers in Yoga as previously envisaged. In this case also Government would be prepared to give grants provided the Ashram who will be running it, either reconstitutes itself or appoints a Board of active Trustees with which the Ministry will be associated.
- (4) In the case of both the branches of the Ashram, the Ministry would insist on proper scrutiny of its accounts by a Chartered Accountant. The Ministry should also ensure maintenance of proper accounts of the Ashram by appointing a regular Accountant for the purpose.

Necessary action on these decisions is being initiated by the Ministry.

[No. F. 3-6/64, of 17-11-65.]

Recommendation

The Committee are unable to accept the reasoning of the Ministry of Finance that since an expenditure of Rs. 1 Lakh had already been incurred, there was no point in obtaining an advance from the Contingency Fund. The Committee are of the view that the advance given by the Ministry of Finance to the Ministry of Education for meeting the expenditure on National Foundation for Teachers' Welfare out of the savings within the grant without obtaining a specific vote of Parliament was not correct. While the Committee fully appreciate the laudable object of the scheme to promote the Welfare of the teachers generally and to alleviate distress among teachers and their dependents in indigent circumstances, they feel that this was an expansion of the field of normal Government activity and as such, the scheme should have been treated as a 'New Service'

[Sl. No. 12 App. XXVII to 39th Report (1962-63)].

ACTION TAKEN

The dictum of the Public Accounts Committee has been noted.

[U.O. Note No. F. 29-9/65-NS. 4]

Recommendation

In the opinion of the Committee in cases where grants are paid to private parties for the construction of buildings, etc., and the cons-

struction work is undertaken by the CPWD, instead of giving funds to the parties, to be again deposited by them with the CPWD, it may be advantageous to get the building completed and then hand it over to the private party, preferably on lease for nominal amount. The Committee desire that the feasibility of adopting such a procedure should be examined and the final decision intimated to them.

[Sl. No. 15 Appendix III of the 24th Report 1963-64].

[Sl. No. 3 of Appendix III to 40th Report (1964-65)].

ACTION TAKEN

The comments and views of this Ministry are contained in the enclosed copy of D.O. letter No. F. 8-5/64-EC.II., dated the 2nd June, 1965, from Smt. Kapila Vatsyayan, Deputy Educational Adviser, to Shri R. K. Agarwal, Deputy Secretary, Ministry of Finance. They have been conveyed to the Ministry of Finance as that Ministry is sending a consolidated reply to the Lok Sabha Sectt. It may be stated in this connection that the Ministry of Works & Housing have already sent their views to the Lok Sabha Sectt. in their O.M. No. 5/4/64 Et, dated the 26th August, 1964.

COPY

NO. F. 8-5/64-EC.II

Dr. (Smt.) K. VATSYAYAN,

New Delhi,

Dated the 27th May, 1965.

Deputy Educational Adviser.

Dear Shri Agarwal,

This is in reply to your letter No. F. 14(6)-E.II(A)/64, dated 24th May, 1965. We circulated the observations and recommendations of the Public Accounts Committee (3rd Lok Sabha) to various Divisions of the Ministry. I find that except one Division, no other division has sent us any of their comments. I am enclosing a copy of the comments which I have received from a colleague who has dealt with many private autonomous bodies and the question of land and building of these private autonomous bodies and the recommendations of the P.A.C. We agree with these comments and you may like to incorporate these in your report.

Yours sincerely,

Sd/- KAPILA VATSYAYAN.

Shri R. K. Agrawal,
Deputy Secretary,
Ministry of Finance,
New Delhi.

COPY OF NOTE FROM SHRI T. S. KRISHNAMURTI DS(C) DATED 10TH FEBRUARY, 1965 IN REPLY TO NOTE NO. F. 85/64-EC.II. DATED 2ND JUNE, 1965.

The recommendation of the P.A.C. assumes that nothing more than the Government grant was spent on the building. It may have been so in this case; but it may not always be so. Where an institution has already a building and an addition is made by CPWD with Government grant, the recommendation of P.A.C. will not work.

The recommendation of P.A.C. does not indicate in what way the new proposal will be advantageous. If it only refers to the avoidance of the two steps of the institution drawing the grant from one Government Deptt. and depositing it with the CPWD, one could as well say that in such cases CPWD should waive the deposit and collect the whole amount later on from the concerned Deptt. This would require an amendment to the CPWD Code.

Where a Society, holds the land and the building is put up by CPWD for the Society, the present recommendation of P.A.C. will not work, since there can be no question of leasing of building on nominal rent.

The leasing of a building on nominal rent would mean that the building is the property of Government. That naturally brings in the other technicalities like (1) standards of accommodation (2) scales of accommodation (3) rent (4) priorities of allotment (5) use of extra accommodation if any, etc.

Allotment of Government accommodation at nominal rent to Non-Government, Bodies raises various questions and objections.

The normal rent charged is quite high and institution like the International Students House or the National Academies who derive all their income from Government grants, would have to ask for additional grants to cover the annual rent also. In addition, therefore, to the expenditure on the building, the concerned Ministry would also have to have a bloated budget for paying a grant to meet the rent. I also believe that it is the policy of Government to treat concessional rent as a hidden subsidy and that this difference should be shown somewhere in the budget.

The alternative suggested by CPWD may not also work inasmuch as Government buildings come up not so quickly and get knocked out of the building programme in the works priorities meetings or get low priorities and the completion of the codal formalities take more time. Since CPWD are not willing to maintain such build-

ings, one should ask whether it is worthwhile to submit one self to such delays as are involved on Government buildings.

It should be open to voluntary societies to get their buildings work done by any agency, though they may choose CPWD if the latter is in a position to accept the work within the target of time and money indicated. If so, no special procedures are necessary if they choose to get work done by C.P.W.D.

Getting the work done by CPWD may cost the Society little more as the Departmental charge of the CPWD will be more than for a Government work. The avoidance of the extra cost may be the only advantage of adopting the PAC's recommendation. But from the point of view of Government, it is no advantage as what one Ministry loses is gained by another Ministry and no money is lost to Government as such.

I wonder whether the PAC recommendation is prelude to the hypothesis that all institutions receiving grants for buildings should get work done by CPWD. While centralisation may have some advantages, there can be limits to centralisation.

Rabindra Bhawan for the three Akademies was built as a Government work; the question of rent is still unsettled as the rent proposed on usual codal provisions would run to about Rs. 6 lakhs (I am subject to correction here, as I am relying on memory) a year. This is in spite of the fact that the building was completed some years ago.

All told my feeling is that grants to voluntary societies should be just grants, the recipient being free to utilize any building agency. The choice of the C.P.W.D. need lead to no extra imposition.

APPENDIX VIII
MINISTRY OF EXTERNAL AFFAIRS
Recommendation

In the cases mentioned in para 4 of the Report, replies furnished by the Ministries are of an interim nature and the committee would, therefore, await further reports thereon.

[S. No. 3 of App. II to 26th Report (Third Lok Sabha) and S. No. 39 of App. IV to 8th Report (Third Lok Sabha)].

ACTION TAKEN

Criminal proceedings were instituted against the former cashier in the Embassy of India, Moscow, on three counts. On the main case, he was sentenced to rigorous imprisonment for four years and to pay a fine of Rs. 40,000. He has since appealed to the High Court and the hearing has been postponed to July, 1965. Two other cases against him are still *sub-judice*. The official has already been dismissed from service.

As regards action against supervisory officers, two of the three officers have been cautioned in consultation with the Central Vigilance Commissioner for lapses on their part in respect of violation of financial and accounting rules of Government. The third officer has been chargesheeted under the CCS (CCA) Rules and the action is still incomplete. The delay in finalisation of action is due to the fact that the original documents are still in the custody of the court.

P.A.C. will be informed of the further developments.

[O.M. No. Q/B&F.III/7340(9)/65 dt. 26-7-65.]

APPENDIX IX
MINISTRY OF FINANCE
(Department of Expenditure)
Recommendation

(i) The Committee view with concern wasteful expenditure even in normal times but more so during the time of present national emergency. A persistent tendency for over-budgeting on the one hand, and many instances of wasteful expenditure on the other, point to the inevitable conclusion that there is considerable scope for effecting economies in the expenditure of the Government of India without impairing the progress of the Five Year Plan. They would, therefore, suggest that a Committee of experts consisting of senior officers from the Ministries of Finance, Home Affairs and one or two major spending Ministries should be appointed by Government so that a prompt survey of the expenditure of Government may be made to explore the various avenues through which substantial economies could be effected.

(ii) The Committee have in their various Reports presented during the current year indicated some of the lines in which there is scope for economy in expenditure. For instance, the Committee feel that prima facie there is considerable scope for reduction in the expenditure incurred on staff cars. The total expenditure on this account during 1960-61 was as high as Rs. 17,25,771. The expert committee referred to above should scrutinise the details of expenditure incurred and suggest concrete steps to curtail the expenditure on this account.

[S. No. 126(i) & (ii) of Appendix IV to the 8th Report (Third Lok Sabha)].

ACTION TAKEN

The details of the measures taken and the machinery available for effecting economy in Government expenditure since the declaration of the emergency including expenditure on staff cars have been reported to the Chairman, Public Accounts Committee in the Expenditure Department letter No. 2723-PSS/64, dated the 7th July, 1964. Subsequently, certain further instructions for effecting economy and avoiding wasteful expenditure have been issued. These relate to further continuance of the ban on creation of posts not connected with Plan or security purposes; restrictions on the fresh purchase of large imported staff cars by Ministries; grant of compensatory leave

in lieu of over-time allowance to non-Gazetted staff for duty performed on Sundays and other weekly holidays; and stricter procedure for sanction of proposals for new constructions. The procedure for scrutiny and sanction in the Finance Ministry of large expenditure proposals including those relating to "New Service" and those involving Supplementary Demands for Grants, has recently been reviewed and revised in February, 1965, so that all such cases are considered at present by a Departmental Committee presided over by the Finance Minister or the Minister of State in the Ministry of Finance. A statement describing these measures in brief is attached. The question of economy in Government expenditure is receiving continuous attention of Government. Government, therefore, consider that the setting up of a Committee of senior officials for exploring avenues of economy as suggested by the Public Accounts Committee is not necessary at present.

[Min. of Fin. U.O. No. F.10(24)-E(Coord)/64, dt. 27-4-65]

ANNEXURE

ECONOMY MEASURES TAKEN BY GOVERNMENT

(Since the declaration of Emergency)

1. Staff economies:

- (a) Staff strengths of Ministries were reviewed by an *ad hoc* Economy Team consisting of Home Secretary, Finance Secretary and Additional Secretary, (Planning Commission) in April-June, 1963, and revised strengths fixed. The surpluses located were treated as supernumerary to the revised strengths of Ministries and gradually being diverted for deployment in regular vacancies in other Ministries and offices.

Staff strengths of lower formations were to be reviewed by the Ministries themselves.

- (b) A ban was imposed for one year on the 13th June, 1963, on the creation of posts, other than those required for Plan Schemes or for security purposes. After a review, this ban has been extended further upto 30th June, 1965. The procedure for dealing with cases of creation of posts in relaxation of the ban has also been stream-lined.
- (c) The scale of entitlement of Class IV staff admissible for officers and sections (other than Cash, Central Registry, Issue and other special sections) in the Ministries and Attached offices in and outside Delhi and in the subordi-

nate offices in Delhi/New Delhi has been reduced with effect from May, 1964. In regard to subordinate offices and field organisations located outside Delhi also, the Ministries have been instructed to review the entitlement of Class IV staff for such offices on the basis of the revised scales wherever feasible, while the special requirements of such offices will be subject to review and by a work study if necessary, by the Staff Inspection Unit. The yardstick of work for sweepers in Ministries for cleaning of office-rooms has also been revised. The Ministries have been asked to work out the reduced entitlements of Class IV staff and sweepers and to intimate the surplus strengths to the Ministry of Finance for being utilised elsewhere according to needs.

- (d) The Special Reorganisation Unit has been reorganised in April, 1964, and further strengthened with a view to develop a strong Staff Inspection Service. This Unit (now renamed Staff Inspection Unit) conducts quick reviews/work measurement studies of the various Ministries and their attached and subordinate offices including field organisations under Ministries according to an annual programme drawn up in advance. *Ad hoc* studies are also undertaken as required. The existing norms are also reviewed and new ones prescribed wherever required. As a result of work measurement studies of 24 organisations so far completed by this Unit, about eleven hundred posts at various levels were, in agreement with the organisations concerned found surplus involving an economy of Rs. 37.59 lakhs per annum. In addition, fresh staff proposals of Ministries/Organisations studied were also scaled down resulting in preventive economies.

II. Other Measures:

- (i) In regard to inaugural functions, instructions have been issued limiting such expenditure to Rs. 500 per occasion.
- (ii) Instructions relating to grant of overtime allowance to Central Government employees have been reviewed and it has been decided that staff required to perform duty for full prescribed hours of work on Sundays, Second Saturdays or other weekly or fortnightly off-days should, as a rule, be granted compensatory leave in lieu, instead of payment of overtime allowance.

[Vide Deptt. of Expenditure O.M. No. 9(11)-E.II(B)/64, dated 2.3.1965].

- (iii) Instructions have been issued to Ministries that with effect from 1st October, 1964, all proposals for new constructions or proposals for release of funds therefor should, in partial modification of their delegated financial powers be sanctioned only in consultation with the Ministry of Finance. In this Ministry all such cases are decided at the highest level.
- (iv) A list of the other points on which general economy instructions were issued or reiterated in the context of the Emergency and which are still continuing is also attached.

III. *Expenditure on Staff Cars:*

- (a) Instructions have been issued by the Ministry of Commerce advising the Ministries to avoid the purchase of large 'imported' cars for Government use. Purchase of 'imported' cars through State Trading Corporation can be resorted to by Ministries only when the C.I.F. value of the imported car does not exceed Rs. 10,000.
- (b) Under the existing instructions, a new staff car can be purchased only with the personal approval of the Finance Minister except in case of purchase for replacement of an existing staff car.
- (c) The Staff Car Rules which regulate the use of staff cars provide for the following safeguards/checks against wasteful expenditure:—
 - (i) The Controlling Officer, who will be an officer not below the rank of an Under Secretary, has been made responsible for the proper use, care and maintenance of the cars and for regulating journeys in accordance with the rules.
 - (ii) He has to maintain:—
 - (a) A log book in the prescribed form: The log books are required to be checked by a senior officer, preferably of the rank of Joint Secretary every month to ensure that there is no misuse of the staff cars;
 - (b) a record of repairs and replacements indicating the cost and the dates on which these were carried out and of spare parts;
 - (c) a register showing the cost of petrol etc., consumed and all incidental receipts and expenditure;
 - (d) an inventory of the equipment.

- (iii) He has to check personally the inventory of equipment every month and to arrange to recover any loss arising out of negligence or fault from the persons concerned.
- (iv) A report on the expenditure incurred on the maintenance of the car is to be submitted by the Controlling Officer to his senior officer half-yearly.
- (v) He is personally responsible for the recovery of all charges recoverable for the use of staff cars for non-duty purposes and their credit to Government.
- (vi) The replacement of a staff car can be made only on a certificate from the Electrical and Mechanical Office, Civil Aviation Deptt. Workshop on the effect that the car is not fit for further economic use. In respect of staff cars not included in the Central Pool of servicing and repairs and those at places outside Delhi/New Delhi, a similar certificate from a similar technical authority will be necessary.
- (vii) The overtime allowance payable to a staff car driver in a month has been restricted to 50 per cent of his monthly emoluments. (The earnings in respect of overtime work performed on Sundays/Holidays in excess of three would not, however, be subject to the limit of 50 per cent). Instructions have also been issued to the Ministries to take such administrative action as they deem necessary to reduce the expenditure on overtime allowance payable to the staff car drivers.

Enclosure to Annexure

List of points on which general economy instructions have been issued or reiterated in the context of the emergency.

Ministries were advised in November, 1962, to undertake a purposeful re-examination of their staff position and their functions and activities for effecting economy and for locating surplus staff.

2. **Over-time Allowance** Rules have been revised by raising to one hour the initial period of 45 minutes for which no allowance was admissible. Thus on working days overtime allowance will be admissible only for work done beyond 6-45 P.M.

3. **Travelling Allowance:** It has been suggested to Ministries that travelling by air-conditioned coaches in India and on first class air tickets while going abroad should be avoided during the period of emergency.

4. *Minimum use to be made of the transport services* like rail, air and communications like telephone, telegram. All tours except those considered essential for transacting the business of Government to be avoided.

5. *Deputation abroad*: All cases of deputations abroad are screened very strictly and deputations not related to Defence effort are being drastically curtailed.

6. *Economy in paper and printing*: Detailed instructions have been issued on the following matters:

- (a) Economy in the use of paper, envelopes etc.
- (b) Reviewing the existing periodicals and journals with a view to reduce their periodicity and size and restrict printing to the essential ones.
- (c) Ensuring the use of costly paper only very sparingly and avoiding printing of calendars and engagement diaries on costly paper.
- (d) Size of annual reports of Ministries/Deptts. to be reduced to two-thirds of the average size of the reports. The number of copies of the annual reports has also been cut down.
- (e) *Invitations to official junctions*.—Cyclostyled forms should be used in preference to printing. Invitations to officers to official functions should not issue as a matter of course. Only those requiring to attend should receive the invitations.
- (f) *Copies of Miscellaneous notifications* such as those regarding appointment of committees and notifications regarding Government resolutions to be sent only to those authorities which are required to take specific action in respect of them.
- (g) *Minutes of meetings* to be brief and not to contain names of officers present at the meeting.
- (h) *Tour programmes* to be circulated only to essential few and not at all and sundry.

7. *Gazette Notifications*: In consultation with the Comptroller and Auditor General and the Ministries of Home Affairs and Finance it has been decided to discontinue the practice of notifying grant of leave to and transfer of gazetted officers except where required under law or to meet statutory requirements.

8. *Publication of gradation lists and history of services* to be suspended or their frequency drastically reduced.

9. Electricity to be used with strict economy. Particular care to be taken to switch off lights and fans when officers and staff leave

the rooms. Officers and staff at all levels to be personally responsible for economic use of electricity.

10. *Convening of meetings, conferences, seminars, group discussions* should be avoided unless they are necessary in the interests of Defence effort.

11. *All unnecessary parties, functions and State entertainments* to be cut out altogether and maximum austerity observed both for private and official functions when they become absolutely necessary. All waste of food material to be avoided.

12. Curtailing scale of:

- (a) expenditure on light refreshments at formal inter-departmental and other meetings and conferences; and
- (b) expenditure on Foundation-stone laying ceremonies and opening of buildings to Rs. 500 per occasion;
- (c) advance for purchase of conveyances (cars and motor-cycles) by Government servants.

13. Expenditure on furniture both in official and residential buildings to be reduced to the minimum.

14. Expenditure on ordinary annual maintenance of Government buildings which can be deferred without detriment to the buildings should be postponed.

Recommendation

In para 6 of their Eighth Report (Third Lok Sabha), the Committee had expressed concern over the continuance of savings in the schemes executed by the State Governments and had desired that the system should be reviewed with a view to providing for realistic estimates in this behalf in the budget placed before the Parliament. The Committee desired that this matter should be examined in consultation with the Planning Commission and the States and steps taken to remedy the present position under which the States fail to utilise the provision made for development schemes in the Central Budget. (Para 6 of the 25th Report—III Lok Sabha).

ACTION TAKEN

The matter has been examined in consultation with the Planning Commission and some of the State Governments.

2. The provisions made in the Central Budget for loans and grants to the State Governments for development schemes are based on the Plan outlay, approved in respect of different sectors, the estimated actuals and such other adjustments that may be needed like earlier overpayments, shortfalls in payment etc. The savings, therefore, arise mainly due to a shortfall in respect of the actual performance in the States during the year as against the approved Plan Outlay in different sectors.

3. As far as the Central Ministries are concerned, they have been requested to ensure that budget estimates are prepared realistically *vide* this Department Office Memorandum No. 9(30)-P 64, dated the 22nd December, 1965 (copy at Annexure I). In view of the fact that proper readjustments are to be done with reference to the requirements and commitments made to the States, it has been decided, with effect from the current year (1965-66) that the provisions for loans and grants to States in the Revised Estimates for State Plan Schemes will be scrutinised in the Department of Coordination also. As this Department is closely associated with the discussions on the State Plans and the determination of Central assistance to the States, it is hoped that a closer scrutiny will become possible.

4. The shortfalls in actual performance in different sectors is a matter in respect of which remedial action will have to be taken mainly by the State Governments. The State Governments have been informed from time to time, of the need to send proposals for the adjustments needed regarding the Plan outlay in different sectors (if any) by the month of November, so as to enable the Central Budget provisions to be adjusted accordingly. The State Governments have also been requested to ensure that progress of expenditure is reported promptly *vide* this Department letter No. 2(19)-PII/60-I, dated the 21st January, 1965.

This has been by the Comptroller and Auditor General of India.

ANNEXURE I

No. 9(30)-P/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Coordination)

New Delhi, the 22nd December, 1965.

OFFICE MEMORANDUM

SUBJECT:—25th Report of the Public Accounts Committee—3rd Lok Sabha.

The undersigned is directed to invite a reference to para 6 of the 25th Report of the Public Accounts Committee reproduced below:

“In para 6 of their 8th Report (Third Lok Sabha), the Committee had expressed concern over the continuance of savings in the schemes executed by the State Governments and had desired that the system should be reviewed with a view to providing for realistic estimates in this behalf in the budget placed before the Parliament. The commit-

tee desire that this matter should be examined in consultation with the Planning Commission and the States and steps taken to remedy the present position under which the States fail to utilise the provision made for development schemes in the Central budget”.

The need for preparing budget estimates as accurately and realistically as possible has been brought to the notice of administrative Ministries/Departments on earlier occasions also. Attention in this connection is invited to this Ministry's Office Memorandum No. F. 18(4)-EGI(B)/63, dated the 20th March, 1963, 18(13)-EGI(B)/63, dated the 17th March, 1964 and 18(12)-EGI(B)/63, dated 30th March, 1964.

2. The provision of funds for schemes executed by State Governments—both State Plan Schemes and Centrally Sponsored Schemes—is the responsibility of the administrative Ministry, who have to assess as accurately as possible the amounts that may actually be utilised during a particular year. In the case of State Plan Schemes, the allocations decided by the Planning Commission and this Department provide a general indication of the amounts so required.

3. The above observations/recommendations of the Public Accounts Committee may kindly be noted for guidance/compliance and suitable instructions issued to subordinate authorities in this regard.

Sd/- S. R. SANKARAN,
Under Secretary to the Government of India.

To

All the Ministries.

No. 9(30)-P/64

Copy forwarded for information to:

- (1) All Expenditure Divisions.
- (2) All the Departments of Finance Ministry.
- (3) Public Accounts Committee Branch, Lok Sabha Sectt.
- (4) E(Coord) Branch.
- (5) Budget Branch, Department of Economic Affairs.

Sd/- S. R. SANKARAN,
Under Secretary to the Government of India.

ANNEXURE II

No. 2(19)-PII/60-I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Coordination)

New Delhi, the 21st January, 1965

From

Shri S. R. SANKARAN,

Under Secretary to the Government of India.

To

Finance/Planning Secretaries of
all State Governments.SUBJECT: *Procedure for Central Assistance for Plan Schemes.*

Sir,

I am directed to refer to the Planning Commission letter No. Plan/5/2/57, dated the 12th May, 1958, according to which the State Governments were advised to forward to the Planning Commission and to the Central Ministries concerned statements of quarterly expenditure regarding State Plan and Centrally Sponsored Schemes within one month of the end of the quarter and the departmental actuals of expenditure before the end of June every year. In the Planning Commission letter No. PC(P)4/2/62, dated the 4th August, 1962, it was observed that the reporting of expenditure from quarter to quarter was unsatisfactory and the State Governments were requested to ensure that quarterly expenditure was reported regularly.

2. A review of the position undertaken recently has shown that the reports of expenditure are not being received regularly by the Ministries and the reports are often incomplete. I am, therefore, directed to request that the State Governments may kindly ensure that the reports of expenditure are sent regularly with complete details as prescribed, to the Planning Commission and to the Central Ministries concerned in time.

Sd/- S. R. SANKARAN,

Under Secretary to the Government of India.

DEPARTMENT OF ECONOMIC AFFAIRS

[Serial Nos. 9 and 10 of Appendix I of the 25th Report
(Third Lok Sabha) (1963-64)]

Recommendations

9. *The Committee note the slow progress of settlement of the outstanding loans during the last three years i.e., on the 31st December, 1963, 8249 outstanding loan cases involving a sum of Rs. 5.18 crores were pending settlement as against 11,682 outstanding loan cases involving a sum of Rs. 7.30 crores as on the 31st December, 1960 and that the establishment charges incurred on the realisation of these loans were about 10 per cent. The Committee would reiterate their earlier recommendation contained in sub-para 9 and 10 of para 10 of their 7th Report (3rd Lok Sabha) that effective steps should be taken to expedite the recovery of the outstanding loans and with a view to ensuring an economic working of the Rehabilitation Finance Administration Unit, its establishment charges should be periodically reviewed in the light of the outstanding cases, and suitable economies effected.*

10. *The Committee would like to refer to their earlier observation contained in sub-para 8 of para 10 of their 7th Report (Third Lok Sabha) to the effect that such irregularities as disclosed in the Audit Report presented a dismal picture of the manner in which the Administration was conducting its affairs resulting in avoidable loss of public money. The Committee hope that the Ministry of Finance will take such remedial measures as are possible at this stage to mitigate the losses.*

ACTION TAKEN

9. The remarks have been noted. The number of outstanding loan cases as on the 31st December, 1960 was 11,688. It may, however, be mentioned that the loans advanced by the erstwhile Rehabilitation Finance Administration were generally repayable in 15 years and it had been making advances till the date of its dissolution on the 31st December, 1960. The recovery in a large number of cases would, therefore, continue upto the year 1975 and settlement of accounts in the normal course would continue till then. In those cases where the amounts are overdue, actions are being speeded up either to compound the cases or to writ off the bad debts. The borrowers and their guarantors are settled at various places throughout the length and breadth of the country and considerable labour and time is required to complete detailed enquires about their financial position.

The question of economy in the expenditure of the Rehabilitation Finance Administration Unit is regularly kept in view and apart from some reduction in posts this organisation was entrusted with the additional work relating to enforcement of the Emergency Risks (Goods and Factories) Insurance Act and recovery of premium from defaulters. This work has, however, now been entrusted to another organisation under the charge of Deputy Director, Emergency Risks Insurance Schemes under the Department of Company Affairs and Insurance of the Ministry of Finance and 26 officials of the Rehabilitation Finance Administration Unit dealing with the work connected with the Emergency Risks Insurance Schemes have been transferred to the Office of the Deputy Director, Emergency Risks Insurance Schemes along with their posts (22 posts from Western Region and 4 posts from Eastern Region) thus resulting considerable reduction in the staff of the Rehabilitation Finance Administration Unit.

10. The remarks have been noted. It may, however, be pointed out that the Rehabilitation Finance Administration was set up to grant financial assistance to displaced persons migrating from Pakistan to establish themselves in business or industry. A majority of the borrowers had no tangible security to offer against the loans and in spite of all possible precautions the Rehabilitation Finance Administration could not take a strictly commercial line in its lending operations, as any other financial Corporation. In granting assistance it could not divorce itself from human consideration necessary for handling a problem of the magnitude which this country faced, in a large number of persons migrating under extraordinary circumstances from their normal economic moorings in Pakistan leaving behind practically all their assets and source of livelihood and struggling to get established afresh in new surroundings in various parts of India. Due to economic and other considerations, a majority of the borrowers could not be successful in their business, despite the sympathetic consideration shown by the Rehabilitation Finance Administration in granting them loans on easy terms, with the result that a majority of them failed to pay instalments of the loans on the due dates. Drastic action like attachment and sale of their assets were avoided as such actions would have resulted in uprooting the unfortunate displaced persons once again. In the type of loans without adequate security granted by the Rehabilitation Finance Administration a certain portion was bound to become bad. The Rehabilitation Finance Administration had accordingly made a provision of Rs. 1.17 crores in its Balance Sheet to meet the bad and doubtful debts. In the circumstances the losses have, therefore, to be viewed, not in isolation, but side by side the recoveries against the overall background of the problem which the Rehabili-

Rehabilitation Finance Administration was entrusted to tackle. All possible care, however, is being taken to safeguard the interest of the Government.

The best way to safeguard the interests of Government at this stage was to take vigorous steps for recovery of the outstanding loans and all possible steps have been taken in this direction. The field staff and officers of the Rehabilitation Finance Administration Unit have been continuously following up not only the loanees and guarantors but also the Collectors and their staff for effecting recovery of outstanding loans. Where necessary higher authorities like the Commissioner or Chief Secretary of the State Government have been approached. Continuous personal contacts have been maintained with the Regional Settlement Commissioners at different places to effect recovery from the compensation claims of the borrowers and their relatives as also of the guarantors and borrowers' associates. As a result of such efforts the Rehabilitation Finance Administration Unit has recovered about Rs. 250.00 lakhs since taking over the work from the erstwhile Rehabilitation Finance Administration and about 5,000 accounts have been closed.

This note has been vetted by Audit.

Dated: 21st October, 1965.

(Department of Expenditure)

Recommendation

"The Committee take a serious note of delays in furnishing utilisation certificates by the grantees. It is regrettable that despite the instructions that where utilisation certificates were not received within the stipulated period, further grants should not be given, grants are continued to be issued to the institutions from whom utilisation certificates have been pending for the last several years. The Committee desire that the Ministry of Finance should review the position and take necessary remedial measures to ensure that further grants are not made to the institutions which default in submission of utilisation certificates in time.

[S. No. 24(i) of Appendix I to 25th Report.]

ACTION TAKEN

Necessary instructions have been issued to the various Ministries to ensure, before sanctioning grants-in-aid, that the earlier grants have been utilised by the grantees for the purposes intended. The Ministries have also been instructed to ensure that the release of further grants to institutions which fail to furnish proof for proper utilisation of the earlier grants within a reasonable time should be considered only in very exceptional circumstances, an explanatory

note indicating the justification thereof being kept on record by the sanctioning authorities.—Vide O.M. No. F. 14(5) E.II(A)/64. dated 22nd April 1965 (copy enclosed).

Recommendation

The Committee suggest that the position regarding Financial Advisers should be streamlined by the Ministry of Finance so that Government are able to exercise proper checks and vigilance through the Financial Advisers attached to the autonomous bodies etc., receiving large grants.

—[S. No. 24(ii) of Appendix I to 25th Report].

ACTION TAKEN

It has been agreed that a convention should be evolved so that representatives of the Finance Ministry on the Governing bodies or other organs of autonomous bodies bring to the notice of the Finance Ministry matters on which they have differed from the managements in regard to decisions on major issues. The question regarding the attachment of a Financial Adviser internally to each autonomous body getting substantial grants-in-aid is also receiving attention.

Recommendation

The Committee would also like to draw attention to their observation made in para 4 of their 24th Report (Third Lok Sabha) regarding the need for compliance with the instructions issued by the Finance Ministry in February, 1960 laying down that assets created out of Government grant should not without the prior approval of the Government be disposed of/encumbered or utilised for purposes other than those for which grants had been sanctioned. The Committee hope that these conditions will be strictly enforced by the Ministries issuing grants.

[S. No. 24(iii) of Appendix I, to 25th Report].

ACTION TAKEN

The recommendation has been noted and necessary instructions issued to the various Ministries, vide O.M. No. F. 14(7)-E.II(A)/64-I, dated 15th September 1964 (Copy enclosed).

Recommendation

“The Committee suggest that the feasibility of laying down a general rule that all applications for grants from private organisations or institutions should be processed through the State Government concerned, unless the institutions are of All India character and on the approved list drawn up by the Central Government, may be examined.”

[S. No. 24(iv) of Appendix I to 25th Report].

ACTION TAKEN

The recommendation has been accepted in principle and necessary instructions issued to all the Ministries, vide O.M. No. F. 14(7)-E.II (A)/64-II, dated 16th September 1964 (Copy enclosed).

[U.O. Note No. F. 14(16)-E(Coord)/64, dated 7th June, 1965].

No. F. 14(5)-E.II(A)/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-2, the 22nd April, 1965

OFFICE MEMORANDUM

SUBJECT:—*Grants-in-aid to non-Government institutions, Bodies and individuals—furnishing of utilization certificates.*

The undersigned is directed to refer to this Ministry's Office Memorandum of even number, dated the 8th January, 1965 regarding irregularities pointed out by audit in Audit Report (Civil) 1964 and to say that the Public Accounts Committee have made the following recommendation in one of their recent reports in respect of delays in the issue of utilization certificates in terms of Rule 150 of the GFRs 1963 read with Government of India's decision thereunder:—

'effective steps should be taken to ensure timely receipts of such certificates and further grants should not be granted to organizations which fail to furnish utilization certificates in respect of earlier grants in time.'

2. This recommendation has been considered and appears to be unexceptionable in principle. The primary responsibility for furnishing utilization certificates to audit rests with the administrative Ministries/authorities sanctioning the grants-in-aid. These authorities should ensure, before sanctioning further grants, that the earlier grant has been utilised by the grantee for the purposes intended. Target dates should be fixed for the submission of audited statements of accounts by grantee institutions and the observance of these dates should be duly enforced. The release of further grants to institutions which fail to furnish proof of proper utilisation of the earlier grants within a reasonable time should be considered only in very exceptional circumstances to be kept on record by the sanctioning authorities.

3. The Ministry of Home Affairs etc. are requested to bring the above to the notice of all concerned.

Sd/- R. K. AGARWAL,
Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Central Government etc. etc.

No. F. 14(5)-E.II(A)/64

Copy, with 45 spare copies, forwarded to E (Coordination) Branch, with reference to their U.O. No. F. 14(16)-E(Coord)/64, dated 1st January 1965. E (Coordination) Branch may kindly give a suitable reply to the Public Accounts Committee with reference to recommendations made in paragraph 2 of their 24th Report and in para 28 of their 25th Report (3rd Lok Sabha).

Sd/- D. S. SANDHU,
Under Secretary to the Government of India.

No. F. 14(7)-E.II(A)/64-I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-2, the 15th September 1964

OFFICE MEMORANDUM

SUBJECT:—*Recommendation of the Public Accounts Committee regarding financial control over bodies which received grants-in-aid from Government in their 25th Report (3rd Lok Sabha) on audit report (Civil) 1963.*

The Public Accounts Committee have recommended the need for strict observance by the Administrative Ministries of the provisions contained in the Government of India's decision 7(a) below Rule 149 of G.F.R. 1963, regarding disposal etc. of assets acquired by the grantee institutions wholly or substantially out of Government grants. The Ministry of Home Affairs etc. are therefore requested to ensure that the assets created by the grantee institutions substantially or wholly out of Government grants are not, without the prior approval of Government disposed of, encumbered or utilised for purposes other than those for which grants had been sanctioned. This should be ensured with reference to the annual returns furnished by the grantee institutions in respect of the permanent and semi-permanent assets in terms of Government of India's decision 7(b)(ii)

below Rule 149 *ibid.* This may be brought to the notice of all subordinate authorities also.

V. S. RAJAGOPALAN,

Under Secretary to the Government of India.

To

All Ministries of the Government of India etc. etc. (As per standard endorsement).

No. F. 14(7)-E.II(A)/64-II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 16th September, 1964

OFFICE MEMORANDUM

SUBJECT:—*Recommendations of the Public Accounts Committee regarding financial control over bodies receiving grants from Government made in their 25th Report (3rd Lok Sabha) on Audit Report, 1963.*

The Public Accounts Committee have recommended that there should be a general rule that all applications for grants-in-aid from private organisations or institutions are processed through the State Government concerned, unless the institutions are of All India character and on the approved list drawn up by the Central Government.

2. Government have considered the recommendation of the Public Accounts Committee and are broadly in agreement with the principle underlying it. This will also minimise the risk of the grants being paid to the institutions etc. who may be indulging in corrupt practices. It has accordingly been decided that the applications for the grants from private organisations or institutions other than those which are of All India character and on the approved list of Government should be entertained only if these are received through the respective State Governments. The Administrative Ministries should further ensure that the applications are forwarded by the State Governments with true reference to the reputation, financial position and capacity to execute the assignment etc. of the grantee institution applying for the grants-in-aid.

Sd/- K. SACHIDANANDAM,

Deputy Secretary to the Government of India.

To

All Ministries of the Government of India, etc. etc.

MINISTRY OF FINANCE

(Department of Economic Affairs)**Recommendation**

The Committee would invite attention to the recommendations of the public Accounts Committee contained in para. 6(vi) of their 41st Report (2nd Lok Sabha) and para. 7(iii) of their 16th Report (Third Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and violates effective Parliamentary control. The Committee have been informed that action on the recommendation of the Committee made in their 16th Report (Third Lok Sabha) is under consideration. The Committee would urge that an early decision in the matter should be taken as it had important bearing on parliamentary control.

[S. No. 4(a) Sub-Para. (i) of Appendix XVIII to 31st Report (3rd Lok Sabha).]

ACTION TAKEN

The matter is under consideration in consultation with the Comptroller and Auditor General.

Recommendation

(a) The Committee consider that the practice of basing the anticipation of expenditure merely on the "trend of supplies as well as actual expenditure" is not correct as much as commitments entered into should not be ignored. The Committee are not, therefore, convinced of the arguments advanced for not accepting the suggestion of Master, India Security Press for augmentation of budget provision.

Had there been a liaison between the indenting and supplying Departments, the excess in this case would have been avoided. In this connection, the Committee would reiterate the recommendations contained in para. 5 of their Report (1950-51) on the accounts of 1947-48 (Post-Partition), para. 15(1) of their First Report (1951-52) and para. 5 of their Second Report (Second Lok Sabha).

(b) The Committee also feel that rush of expenditure towards the close of the financial year should as far as possible, be avoided.

[S. No. 5 of Appendix XVIII to 31st Report (3rd Lok Sabha)].

ACTION TAKEN

On the general recommendations made by the Committee regarding Co-ordination between the supplying and indenting

departments and avoidance of rush of expenditure at the close of financial year, necessary instructions have been issued by the Department of Expenditure which have been brought to the notice of all concerned including the Master, India Security Press. The recommendations of the Committee have been noted in the Department of Economic Affairs.

Recommendation

The Committee have been informed that measures to ensure a better control over expenditure adjustable under such composite grants, which cover the requirements of all Ministries, are under consideration. The Committee would like the matter to be finalised early, so that such excesses do not occur in future.

[S. No. 7(c) of Appendix XVIII to 31st Report (3rd Lok Sabha)].

ACTION TAKEN

Necessary instructions have been issued, vide three O.M., all bearing No. F. 8(3)-B/64, dated 12th November 1965 (Copies enclosed).

Recommendation

With these observations, the Committee recommend that the excesses referred to in para. 6 above may be regularised in the manner prescribed in Article 115 of the Constitution.

[S. No. 9 to Appendix XVIII to 31st Report (3rd Lok Sabha)].

ACTION TAKEN

The Excess Demands have already been presented to and passed by Parliament.

No. F. 8(3)-B/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 12th November, 1965

OFFICE MEMORANDUM

SUBJECT:—16th Report of the Public Accounts Committee (Third Lok Sabha)—recommendation regarding reconciliation of Departmental accounts with the accounts maintained by the Accounts Offices.

The undersigned is directed to invite a reference to Serial No. 8 (c) of the Summary of recommendations of the Public Accounts Committee in their 16th Report (Third Lok Sabha) wherein the Committee have observed that the Ministries are not doing properly the

work of reconciliation of Departmental accounts with accounts maintained by the Accounts Offices. They have also suggested that, where necessary, such items of work should be concentrated in a single Ministry; alternatively, there should be a co-ordinating authority to keep a watch over such matters.

2. General instructions on the matter raised by the Public Accounts Committee have been issued separately by the Department of Expenditure. The composite Demands "Grants-in-Aid to State and Union Territory Governments", "Capital Outlay on Grants to States and Union Territory Governments for Development" and "Loans and Advances by the Central Government", which are controlled by this Department, however, present special problems. Firstly, these composite Grants are operated upon by all Ministries, Departments, Secretariats, etc. Secondly, the provision for grants-in-aid to States and Union Territory Governments with Legislature, both on revenue and capital Account, and also loans to State Governments and Union Territory Governments with Legislature is made in "India" Circle but the actual expenditure is, booked by all Accounts Officers. Thirdly, the loans and grants to State Governments in respect of State Plan Schemes and centrally sponsored schemes are generally sanctioned in the last quarter of the financial year, ways and means advances only being sanctioned upto December each year. Complete reconciliation of the departmental accounts with those maintained by the Accounts Offices in respect of loans and grants to States may not, therefore, be possible almost till the end of the financial year. In the circumstances, it has been decided, in consultation with the Comptroller and Auditor General, that the following procedure should be followed in respect of the three composite Grants mentioned above to secure an effective control.

3. All Ministries, Departments, etc. of the Government of India which sanction loans and grants to State Governments and Union Territory Governments and loans to other parties should furnish a monthly statement in the enclosed form indicating the loans (excluding loans to Government servants) and grants sanctioned by them during the month. These Statements should reach the Budget Division latest by the 10th of the following month. If no sanction is issued during a month, a "nil" statement in the prescribed form should be sent. The Statements should be accompanied by copies of sanctions actually issued for the payment of loans to State Governments and Union Territory Governments with Legislature and others (other than those to Government servants) and grants to State Governments and Union Territory Governments with Legislature to enable this Department to watch payments thereon and their adjustments and by the concerned Accounts Officers. At present copies of

sanctions relating to loans to States only are being endorsed by certain Ministries to the Budget Division. As copies of such sanctions will hereafter be sent along with the monthly statements referred to above, it will not be necessary to endorse copies of sanctions relating to loans to State Governments separately as and when these are actually issued.

4. The arrangement indicated above will take effect from 1966-67. It will be necessary for each Ministry to arrange for the Coordination of the work in a single Section and send consolidated statements to the Budget Division, as it will not be possible to deal with individual Branches of the Ministries. In the case of Ministries constituted into two or more Departments, the consolidated statements may, however, be sent by each Department separately.

5. The receipt of this Memorandum may kindly be acknowledged.

Sd/- R. K. MUKHERJEE,

Under Secretary to the Government of India.

To

All Ministries/Departments and Secretariats of the Government of India (Except the Ministries of Railways, Defence and Communications) and Planning Commission.

No. F. (3)-B/64.

Copy forwarded to the Department of Revenue and Company Law, Department of Expenditure, Department of Co-ordination and all Divisions of the Department of Economic Affairs with the request that similar statements may be furnished in respect of loans and grants to State Governments and Union Territory Governments with Legislature and loans to other parties (other than Government servants) sanctioned by them.

2. Copy forwarded for information to:—

(i) C. & A.G., New Delhi, (ii) Deptt. of Expenditure E. (Co-ordination Branch).

Sd/- R. K. MUKHERJEE,

Under Secretary to the Government of India.

Ministry of

Department

Statement showing the loans and grants sanctioned during the
month of196 .

Description	Plan Non-Plan Total			
	1	2	3	4
I. Grants-in-aid to State Governments and Union Territory Governments with Legislature				
II. Capital Outlay on grants to States and Union Territory Governments for Development				
III. Loans and Advances to State Governments and Union Territory Governments with Legislature				
IV. Loans and Advances to parties other than States, Union Territory Governments and Government servants				
TOTAL				

Note.—Copies of sanctions in support of the amounts shown in column 4 are enclosed.

No. _____

Dt. _____

Forwarded to the Ministry of Finance, Department of Economic Affairs (Budget Division) for information with reference to their

O.M. No. _____ dated _____.

(SIGNATURE)

Under Secretary.

No. F. 8(3)-B/64

GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 (Department of Economic Affairs)

New Delhi, the 12th November, 1965

To

All Accountants General including Accountant General, Central Revenues and Accountant General, Commerce, Works and Miscellaneous and the Pay and Accounts Officers, Works, Housing and Rehabilitation/Food/Supply and Technical Development/Lok Sabha/Rajya Sabha/Dandakaranya and Pondicherry and Director of Accounts, Goa, Daman and Diu.

SUBJECT:—*Statistics relating to payments of Grants-in-aid and Loans and Advances by the Central Government.*

Sir,

I am directed to invite a reference to the recommendation in paragraph 7(v) of the 16th Report of the Public Accounts Committee (Third Lok Sabha) wherein the Committee have observed that the Ministries are not doing properly the work of reconciliation of Departmental accounts with the accounts maintained by the Accounts Offices. They have, therefore, suggested that the work should be concentrated in a single Ministry in cases where a number of Ministries have to deal with a particular item of work.

2. The difficulty in the reconciliation of departmental accounts with those maintained in the Accounts Offices is particularly felt in respect of expenditure relating to the composite Grants, viz., "Grants-in-aid to States and Union Territory Governments", Capital Outlay on Grants to States and Union Territory Governments "for Development" and "Loans and Advances by the Central Government" which are controlled by this Department but are operated upon by almost all Ministries and Departments of the Government of India. This is due to the fact that provision for Grants-in-aid and Loans to State Governments and Union Territory Governments with Legislatures is made centrally in the "India" Circle, although the actual payments are adjusted by the various Accounts Officers concerned on the basis of the specific sanctions issued by administrative authorities. Further, in respect of the State Plan schemes and Centrally sponsored schemes, the loans and grants to the State Governments are generally sanctioned in the last quarter of the financial year with the result that it may not be possible to undertake the reconciliation of the Departmental accounts with those maintained by the Accounts

Officers almost till the end of the financial year. Even in respect of loans and advances to parties other than State Governments and Union Territory Governments with legislatures, the administrative Ministries have to deal with a large number of Accounts Officers, thereby making the task of reconciliation difficult. In the circumstances and in view of the specific recommendation of the Public Accounts Committee in this regard, it has been decided, in consultation with the Comptroller and Auditor General, that the work of reconciliation of the accounts relating to the three composite Grants mentioned above should be centralised in the Budget Division of the Finance Ministry and the following procedure should be followed in this regard.

3. All Accounts Officers should furnish a monthly statement in the enclosed form showing the loans and advances by Central Government and Grant-in-aid to States and Union Territory Governments with Legislatures brought to account by them. This should be supported by a detailed statement indicating the number and date of the sanctions (except in respect of loans to Government servants) accorded by the various administrative Ministries with reference to which the payments were made or adjusted by the Accounts Officers. Separate statements should be prepared in respect of (i) Grants to State and Union Territory Governments with Legislatures, (ii) Capital outlay on Grants to States and Union Territory Governments for Development, (iii) Loans to State Governments and Union Territory Governments with Legislatures and (iv) Loans to other parties. These should include the loans and grants, if any, met from Reserve and Other Funds in the Public Account and reach the Budget Division latest by the end of the month following that to which they relate, except in the case of the Accountant General, Central Revenues, who should furnish the statements by the 15th of the second following month. A separate statement should also be sent in respect of adjustments, if any, carried out by the Accounts Officers after the close of the financial year so that complete details of the payments adjusted in the Accounts of each year which are finally included in the Appropriation Accounts relating to the composite Grants in question are available in the Budget Division. The statements relating to March and Supplementary Accounts should also indicate the balance of ways and means unadjusted. Information regarding the sanctions actually issued from time to time by the various administrative authorities will be collected by this Department separately with a view to reconcile the payments adjusted by the Accounts Officers. It is, therefore, of utmost importance that all payments actually brought to account are included in the statements sent to this Department and full details regarding sanctions issued by the administrative authorities are invariably furnished so that

discrepancies, if any, may be settled wherever necessary in consultation with the sanctioning authority.

4. The statements referred to above are in addition to those prescribed in this Ministry's letter No. F. 6(5)-W&M/62, dated the 11th July, 1962 which should continue to be furnished as heretofore.

5. The statements referred to above are in addition to those prescribed in this Ministry's letter No. F. 6(5)-W&M/62, dated the 11th July, 1962 which should continue to be furnished as heretofore.

6. The revised arrangement takes effect from 1966-67.

7. The receipt of this letter may kindly be acknowledged and arrangements may be made for furnishing the statements with full details.

Yours faithfully,

Sd/- R. K. MUKHERJEE,

Under Secretary to the Government of India.

No. F. 8(3)-B/64

Dated the 12th November, 1965.

Copy forwarded for information to:

1. Comptroller and Auditor General of India, New Delhi.
2. Department of Expenditure (E. Coordination Branch).

Sd/- R. K. MUKHERJEE,

Under Secretary to the Government of India.

Office of the _____ 1966.

Statement showing loans and grants brought to account during and to end of _____

Details of the payments adjusted under the Major-Head.

74 Grants-in-aid to State and Union Territory Governments

126—Capital Outlay on Grants for Development.

P—Loans and Advances by the Central Government—Advances to State Governments and Union Territory Govts.

P—Loans and Advances by the Central Government—Loans to foreign Governments, Local Funds, Private Parties, Government servants, etc. (loans other than those to State Govts. & Union Territories).

Note:— [Separate statements should be prepared for each of the four categories of payments referred to above.]

Minor Head of Account	Expenditure during the month _____, 1966		Progressive payments and adjustments during the year		Total
	Plan	Non-Plan	Plan	Non-Plan	
(1)	(2)	(3)	(4)	(5)	(6)
TOTAL:					

Note:—References to Sanctions No. and date in respect of the payments included in columns 2 and 3 (except loans to Government servants) are given in the enclosed statement.

No. _____ Dated _____
 Forwarded to the Ministry of Finance, Department of Economic Affairs (Budget Division) with reference to their letter _____ (Signature)
 No. _____ dated _____

No. F. 14 (29)-E (Coord)/65.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 28th May, 1965.

OFFICE MEMORANDUM

SUBJECT:—35th Report of the Public Accounts Committee (Third Lok Sabha)—Recommendation at Serial No. 4 of Appendix XII regarding maintenance of block accounts of assets.

An extract of the recommendation of the Public Accounts Committee at Serial No. 4 (Para 4) of Appendix XII to their 35th Report (Third Lok Sabha) is enclosed. Attention in this connection is invited to the Government of India's decision No. 7(b)(iii) below Rule 149 of G.F. Rs 1963. The Ministry of Home Affairs/etc., are requested to note the observation of the Committee and to issue necessary instructions to all the authorities concerned under them.

Sd./- K. SANKARAN,

Deputy Secretary to the Govt., of India.

To

All Ministries/Deptts. etc.

No. F. 14 (29)-E (Coord)/65.

Copy forwarded for information to:—

- (1) Department of Parliamentary Affairs.
- (2) Department of Economic Affairs (Budget Division).
- (3) Lok Sabha Sectt. (PAC. Branch).
- (4) E. II (A) Branch.

Sd./- K. SANKARAN,

Deputy Secretary to the Govt., of India.

Extract of recommendation at Serial No. 4 of Appendix XII of 35th Report of the Public Accounts Committee (Third Lok Sabha)

Sl. No.	Para No. of Report	Ministry Concerned	Conclusion/recommendations
4	4	Commerce <u>All Ministries</u>	The Committee are happy to note that at long last the register showing the block accounts of assets is maintained by the Central Social Welfare Board and grantee institutions. They trust that there would no failure to keep the Register upto date. In this connection, the Committee would also like the Administrative Ministries concerned to ensure that the autonomous Boards etc. under them carry out all the instructions issued by Government for compliance.

Recommendation

The Committee are surprised at the manner in which the Ministry of Finance, who are supposed to ensure financial propriety in Governmental expenditure, acquiesced in the proposals of the Ministry of Health.

[Serial No. 49 (para 51) of Appendix XII to the 35th Report (Third Lok Sabha)]

ACTION TAKEN

The observations of the Committee have been noted.

(Department of Economic Affairs)

Recommendation

The Committee regret to note that even in February, 1963 when the supplementary grants were obtained, the Ministry could not assess that they would not be able to complete the assay of gold worth more than Rs. 5 crores before the end of the financial year.

[S. No. 1 of Appendix XXVII to 39th Report—3rd Lok Sabha].

ACTION TAKEN

A Note indicating the position is enclosed.

Recommendation

It was stated in the course of evidence by the Secretary, Department of Expenditure that double provision occurs because of technical reasons, and this really inflates both the sanctions and the savings.

The Committee would like the Ministry of Finance to examine the extent procedure in this matter to see if this position cannot be improved upon.

[S. No. 3 (ii) of Appendix XXVII to 39th Report—3rd Lok Sabha.]

ACTION TAKEN

A draft of the Notes indicating the position has been sent to Audit for vetting. In the meanwhile an advance copy thereof is enclosed.

Recommendation

The Committee are unable to accept the reasoning the Ministry of Finance that since an expenditure of Rs. 1 lakh had already been incurred, there was no point in obtaining an advance from the Contingency Fund. The Committee are of the view that the advice given by the Ministry of Finance to the Ministry of Education for meeting the expenditure on National Foundation for Teachers' Welfare out of the savings within the grant without obtaining a specific vote of Parliament was not correct while the Committee fully appreciate the laudable object of the scheme to promote the welfare of the teachers generally and to alleviate distress among teachers and their dependents in indigent circumstances, they feel that this was an expansion of the field of normal Government activity and as such, the scheme should have been treated as a 'New Service'.

[S. No. 12 of Appendix XXVII to the 39th Report—3rd Lok Sabha].

ACTION TAKEN

The matter is under consideration in consultation with the Ministry of Law.

Recommendation

In view of the legal opinion expressed it appears that the regularisation of an expenditure on a "New Service" which is adjudged as such after the close of the year cannot be made by resolution of Parliament. In the circumstances, the only alternative to get over this lacuna appears to be to make a suitable amendment to the Constitution laying down a procedure for regularising expenditure on a New Service not covered by the grant. The Committee desire the Ministry of Finance to initiate action accordingly in consultation with the Ministry of Law and the Comptroller and Auditor General at an early date.

[S. No. 15 of Appendix XXVII to the 39th Report—3rd Lok Sabha].

ACTION TAKEN

The recommendation has been noted.

Recommendation

(i) The Committee are a little surprised at the view expressed by the Secretary, Ministry of Finance (Department of Economic Affairs) that commitment charges were not an unknown feature and it was to be taken as a general assistance to industry. By this slow utilisation of loan amounts and payment of commitment charges neither the government nor the industry got any benefit. They are unhappy to note that the negotiating team did not examine the schemes of the collieries and only went by their verbal assurances and commitments. Had a proper scheme been prepared, time schedules laid down and the ways and means position of the individual collieries to finance the schemes gone into the contingency of entering into a loan agreement for such a large amount to be drawn within a short period of time and the consequential payment of commitment charges would have been avoided. It is also regrettable that assurances from the collieries were not obtained in writing nor was any condition imposed that in case of abnormal delays or failure on their part they would be liable to compensate the loss sustained by government by way of payment of commitment charges. The Committee regret to note that a huge amount of Rs. 31.38 lakhs is spent by way of commitment charges which did not benefit anybody, but depleted the Foreign Exchange resources. In the view of the Committee this loss was avoidable if the financial position of the collieries had been examined at the proper time.

(ii) Secondly the Committee are surprised at the nature of the transaction wherein apart from the commitment charge there would be an annual loss to the government to a substantial extent. Under this arrangement Government pays interest on the loan to the World Bank at the rate of 5½% while they receive from the industry the total amount of the loan in rupees. Assuming that Government's borrowing in India are reduced to this extent, the saving of interest charges will be about 4% as against the higher rate paid on the foreign loan plus commitment charges. In the present case, the annual loss will come to about Rs. 30 lakhs approx. in addition to the commitment charges of Rs. 20.04 lakhs already incurred upto May 1963. On the other hand the industry has to raise the rupee amount at much higher rate from Banks against the cover of a Government guarantee to the extent of 70% on the total amount so borrowed.

The Committee are not happy about this arrangement which neither benefits the industry nor the Government while the exchequer suffers to the extent of the difference of additional

interest payable on the foreign loan and the commitment charges as well. They would like Government to examine whether they cannot in this and other similar cases devise a suitable arrangement by which an organisation representing the coal industry or a group of collieries could take the loan direct from the World Bank on the guarantee of the Government; in this way the burden on Government will be practically nil while the collieries will bear interest charges as well as commitment charges if any and will not have to raise loans from Indian Banks at higher rates. In cases where the World Bank is not in a position to give loans directly to the Industries concerned, and the Government has to step in as an intermediary, Government should make available the foreign loans received to the parties concerned on such terms and conditions as will not result in a loss to the public exchequer.

(iii) *It has been further stated in evidence that there was a depression in the coal industry and the collieries were not enthusiastic about the schemes as they were in 1961. The Committee trust that proper steps would be taken to see that the loans amounts are utilised for productive purposes without further delay.*

[S. No. 16 of Appendix XXVII to the 39th Report—3rd Lok Sabha].

ACTION TAKEN

The matter is under consideration.

Recommendation

The Committee fail to understand how in spite of the fact that tenderers were not coming forward due to their inability to assure that the process would give requisite quantity of silver, the Ministry came to the conclusion that there was nothing wrong with the process or procedure designed by the firm. They would like to be further informed of the basis and circumstances under which the payment of Rs. 2.4 lakhs was made to the firm even though the designs prepared by them were not utilised.

[S. No. 19 of Appendix XXVII to the 39th Report—3rd Lok Sabha].

ACTION TAKEN

A note indicating the position is enclosed.

Recommendation

The Committee feel that with better planning and co-ordination the delay in commissioning the Silver Refinery plant could have been minimised. They trust that the reasons for the delay in completing civil works by the C.P.W.D. would be properly inquired into. As

regards the agreement with the firm for supply of machinery and equipment, the Committee are of the view that, even if a new process was involved, Government should have insisted upon a schedule of machinery and equipment to be supplied by the firm being included in the agreement. They hope such cases will not recur.

[S. No. 20 of Appendix XXVII to the 39th Report—3rd Lok Sabha]

ACTION TAKEN

The observations of the Committee have been noted. As regards the reasons for the delay in completing Civil Works by the C.P.W.D., necessary enquiry is being made by the Ministry of Works and Housing.

Recommendation

The Committee regret to note that even in February 1963 when the supplementary grants were obtained, the Ministry could not assess that they would not be able to complete the assay of gold worth more than Rs. 5 crores before the end of the financial year.

[Para 2, 39th Report, 3rd L.S.]

ACTION TAKEN

The facts are as under:—

The 6½ per cent Gold Bonds, 1977 were placed on sale from the 12th November, 1962 to the 28th February, 1963 against tender of gold, gold coins and/or gold ornaments. The value of gold was taken at the international price of Rs. 53·58 per 10 grammes of gold of .995 fineness determined. The gold so acquired was taken over on Government stocks by debit to the head "Capital outlay on Currency and Coinage—Purchase of Gold" by per contra credit to the head "O-Public Debt". The debit to the head "Capital Outlay etc." had to be covered by appropriate Budget provision.

2. In February, 1963, when the Gold Bonds were on tap, it was estimated that gold worth Rs. 7 crores would be assayed upto March, 1963 and accordingly adjustments to that extent would be made in the accounts of that year. On this basis, a Supplementary Demand of Rs. 5·64 crores was obtained under Grant No. 118—Capital Outlay on Currency and Coinage, the balance (Rs. 1·36 crores) being met by re-appropriation of savings in that Grant.

3. Adequate arrangements for the despatch of tenders to the Reserve Bank at Bombay and Calcutta for being taken to the Mints were made with the assistance of the Indian Airlines Corporation, the P&T and the Reserve Bank. However, the Mints, particularly at Alipore, could not cope with the heavy rush of work due to short

supply of gas, shortage of technical personnel and their pre-occupation with the annual audit of the Mint's stocks in March, 1963. At the time of regularisation of the Grant, the position was reviewed in consultation with the Mints and the Reserve Bank and it was estimated that tenders worth about Rs. 3.40 crores only could be assayed by the Mints within the year for which adjustments would be required to be made during that year. Accordingly, the balance of Rs. 2.24 crores out of the Supplementary Grant of Rs. 5.64 crores was surrendered. The actual adjustments amounted to Rs. 3,39,28,177 resulting in a saving of Rs. 71,823 only.

This has been seen by Audit.

Recommendation

It was stated in the course of evidence by the Secretary Department of Expenditure that double provision occurs because of technical reasons, and this really inflates both the sanctions and the savings. The Committee would like the Ministry of Finance to examine the extant procedure in this matter to see if this position cannot be improved upon.

[Sl. No. 3(ii) of Appendix XXVII to the 39th Report (Third Lok Sabha)].

ACTION TAKEN

The Constitution requires every withdrawal from or appropriation out of the Consolidated Fund to be made in accordance with the law and in the manner provided in the Constitution. In other words, all expenditure must be covered by Parliamentary authority in the form of Appropriation Acts and receipts or recoveries cannot be directly appropriated or utilised towards expenditure. Thus, the gross requirements for purchase of stores or foodgrains must be covered by a valid appropriation, the receipts and recoveries being exhibited below the concerned Demands for Grants. Similarly, expenditure incurred by one Government Department on behalf of another has to be covered by provision in the Budget of both the Departments. Likewise, purchases of stores as well as their utilisation on individual works have both to be covered by Parliamentary appropriations. This procedure, otherwise known as Gross Budget appropriations. This procedure, otherwise known as Gross Budgeting, results in double provisions in the Budget in many cases and also in Supplementary Grants for technical reasons. Such double provisions and Supplementary Grants are also sometimes necessitated by administrative changes during the course of the year and accounting or budgetary devices adopted to suit special circumstances.

2. (i) The following instances illustrate cases of double provision in the Budget:—

- (a) Transfers of earmarked receipts or grants to Reserve Funds in Public Account which do not vest in an independent body and withdrawals therefrom;
- (b) Later-departmental adjustments necessitated by administrative arrangements for conduct of work;
- (c) Suspense transactions relating to stores purchases;
- (d) Funding of Aid received on loans basis or for which counter-part Funds are created together with their utilisation; and
- (e) Renewal of Treasury Bills.

(ii) Supplementary Grants for technical reasons arise in each of the above cases to cover additional gross provisions that may be required, even if they are accompanied by larger or equivalent receipts or recoveries. Such Supplementary Grants are also required in the following types of cases:

- (a) Payments arising out of increased earmarked receipts;
- (b) Changes in administrative set up of Territories, etc.; and
- (c) Utilisation of lump provision for dearness allowances, etc.

3. The various types of cases mentioned above are explained below in some detail:

(i)(a) *Transfers to Funds in Public Accounts:*

Parliamentary enactments or Resolutions and Government decisions often provide for setting up of Reserve Funds to be constituted out of earmarked receipts or sanctioned grants, for utilisation on specific purposes. The receipts or the grants, as the case may be, are transferred to Reserve Funds in the Public Account after obtaining a vote of Parliament. Where the Funds do not vest in an independent authority, the withdrawals therefrom are also subject to the vote of Parliament for which provision has to be made in the Budget, the expenditure being shown as simultaneously recovered from the related Funds. In such cases, the Budget includes double provision—one for transfer to the Fund and the other for expenditure therefrom. Further, Supplementary Grants are also required to be obtained for increased transfers to Funds arising out of increased receipts or grants as also for their utilisation. The Central Road Fund, the Iron & Steel Equalisation Fund, the Coal Mines Labour Welfare Fund etc. may be cited in this connection. Instances of Supplementary Grants relating to this Funds are: Rs. 5.5 crores obtained in 1962-63 for transactions relating to Iron & Steel Equalisation Fund and Rs. 54 lakhs in 1963-64 for transactions relating to Coal Mines Labour Welfare Fund.

(b) Inter-departmental adjustments:

Inter-departmental adjustments arise in cases where work is done or supplies are made by one Department to another. Provision in the Budget in such cases has to be made in the Demands for Grants of the principal as well as the agent, the recovery in the Demand of the latter being shown in foot-notes below the Grants. Instances of such adjustments are: payments to and by commercial departments like the Railways and the P&T Department for work undertaken by or for them or supplies made to or by them. Another case is that of the Trisuli Project which is executed by the Ministry of Irrigation & Power on behalf of the Ministry of External Affairs as aid to Nepal and is, therefore, reflected in the Budgets of both Ministries. Supplementary Grants also become necessary in both the Grants if there is any increase in the quantum of work done or supplies made.

(c) Suspense transactions:

A "suspense" head is operated under the Public Works system of accounting for routing stores purchases which cannot *ab initio* be allotted to the works. The procedure followed in such cases is that the value of stores received is debited to "suspense—stock" by credit to "suspense—purchases", the latter head being cleared when payments are made. In such cases provisions have not only to be made under each of these two heads but also under the head relating to the expenditure on works in which the stores are ultimately utilised. If additional stores are required to be purchased during the course of the year, Supplementary Grants have to be taken under all these heads. This arrangement no doubt results in some inflation in budgetary provisions but it secures effective Parliamentary control and also facilitates administrative and accounting control over stores transactions.

(d) Funding of Aid received on loans basis etc.:

The agreements in connection with the receipt of foreign Aid in the form of material and equipment often require their value to be adjusted as loan or the counterpart funds created by their sale etc. to be utilised for certain specified purposes. The material and equipment received under the T.C.A. Programme and the Colombo Plan may be cited in this connection. The accounting procedure followed in such cases is that the value of the material and equipment is credited to a Reserve Fund by contra provision in the Capital Budget of the administrative Ministry concerned. Simultaneously, the utilisation of the equipment either on the projects of the Central Government or by way of loans and grants to State Governments or Public Sector Projects etc. is provided for separately in the Budget.

of the respective administrative Ministries, the expenditure being simultaneously shown as recovered from the Reserve Fund. This results in double provision—firstly for the creation of the counterpart funds and later for their utilisation. Any additional equipment received during the year results in Supplementary Grants, just as non-receipt results in savings, in both Grants, even though no such expenditure is involved at any stage.

Similar arrangements exist in respect of loans and grants received from the Government of U.S.A. under the P.L. 480 Agreements. These are taken initially as Public Debt or as Revenue receipts and an equivalent amount is transferred to a Reserve Fund by contra provision in the Capital Budget or the Revenue Budget as the case may be. Simultaneously, provision is made in the Budgets of the concerned administrative Ministries on account of the expenditure for meeting which the loans and grants have been drawn, an equivalent amount being simultaneously shown as being recovered from the Reserve Fund. This arrangement results in double provision, but is necessary to secure at one place the receipt and the utilisation of earmarked foreign assistance. Further, variations in the amount of grants or loans in the course of the year result either in savings on technical grounds or excesses which have to be covered by Supplementary grants. Thus, Supplementary Grants amounting to 29.20 crores—20 crores for loans and Rs. 9.20 crores for grants were obtained in this manner in 1962-63.

(e) *Treasury bills:*

The provision for the discharge of treasury bills is inflated as a result of the existing arrangement in respect of renewal of these bills. The treasury bills have a maturity of 91 days and unless discharged on maturity, are notionally shown as repaid and simultaneously reinvested four times a year. Consequently provision has to be made in the Budget for repayment (and renewal) of treasury bills four times a year. Further, if more bills are issued in the earlier part of the year than anticipated at the time of the finalisation of the Budget, Supplementary Appropriations become necessary which are also similarly inflated. Supplementary Appropriations for Rs. 33 crores had to be asked for in February 1963 and for Rs. 206.79 crores in February 1965 for the renewal of the treasury bills in this manner.

The question whether the existing procedure in respect of treasury bills could be altered was considered as a result of the recommendation of the P.A.C. in para 5 of their 8th Report and it was decided in consultation with the Comptroller and Auditor General that no change in the existing procedure was called for.

(ii) (a) Payments arising out of increased receipts:

In accordance with the Finance Commission's recommendations and Parliamentary enactments on the subject, a portion of the net proceeds of the basic Union Duties of Excise and the net proceeds of the Additional Duties of Excise are required to be paid to the States, provision for the purpose being included in a separate Appropriation "Payments of States" share of "Union Excise Duties". Linked as these payments are with the collections of Excise Duties, additional payments arising both as a result of the taxation proposals (States' share in respect of which is not provided for payment in the original Budget) and also improvement of tax collections require Supplementary Appropriations. Thus, Supplementary Appropriations amounting to Rs. 10.55 crores and Rs. 7.92 crores were necessitated during 1962-63 and 1963-64 following the improvement in tax collections in those years.

The administration of certain Central Acts and Rules, such as the Indian Arms Act, the Petroleum and Explosives Act, the Rice Milling Industry (Regulation) Act, the Indian Carbide and Calcium Rules and Cinematographic Rules has been entrusted to the State Governments. The fees collected under these Central Acts and Rules are made over to the State Governments towards the cost of their agency charges. Accordingly, improvement in the collection of fees etc. under these Acts and Rules necessitates Supplementary Grants for payment of additional agency charges to the State Governments.

Similarly, the net proceeds of certain taxes and duties levied and collected by the Central Government on behalf of Local Bodies have to be paid to them in accordance with the provisions of certain Statutes or arrangements entered into with these Local Bodies. Thus, the net proceeds of entertainment tax, terminal tax, betting tax and a share of the taxes on vehicles are required to be paid to the Delhi Municipal Corporation, New Delhi Municipal Committee and the Cantonment Board. A Supplementary Grant of Rs. 25 lakhs had to be asked for in February, 1963 for payment of additional amounts to the Local Bodies following improved collection of taxes.

(b) Changes in the administrative set up etc.:

Changes during the course of the year in the administrative arrangements relating to the territories of the Union usually result in Supplementary Grants for technical reasons as the original provision made in the Budget in this regard is not available for utilisation. Thus, consequent upon coming into force of the Government of Union Territories Act, 1963 and the State of Nagaland Act, 1962, the expenditure of these territories after the formation of the new State/Union Territories ceased to be met from the Consolidated

Fund of India but the net deficit of the new State or Territory was, nevertheless, required to be paid as grants-in-aid. Accordingly, the unutilised portion of the Area Grants in these cases had to be surrendered and Supplementary Grants obtained in August 1963, November 1963 and February, 1964 for meeting the expenditure on grants-in-aid payable to the State of Nagaland and the Union Territories with Legislature.

(c) *Utilisation of lump sum provisions:*

Sometimes lump provisions covering the requirements of various Ministries in respect of a particular type of expenditure, are included in a single Demand for Grant for want of Demand-wise details. Thus, lump provisions of Rs. 7.38 crores in 1962-63 and of Rs. 10 crores in 1964-65 for increase in Dearness Allowance to cover the requirements of various Ministries were included in the Demand for Miscellaneous Revenue expenditure of the Ministry of Finance. The necessity for such centralised provision arose because the decision to increase the D.A. was taken shortly before the presentation of the Budget and there was no time to ascertain Ministry-wise details. At the same time, the Annual Financial Statement presented with reference to Article 112 of the Constitution had to take into account all the estimated expenditure of the Government during the ensuing year. In such cases, the actual expenditure has to be met from the funds provided in the respective Grants and Appropriations. If savings are not available within the relevant Grant, Supplementary Grants have to be obtained, notwithstanding the fact that a consolidated provision for the total expenditure exists in the Grant of the Finance Ministry. The resultant saving in the latter Grant has to be surrendered, save to the extent it is required for additional expenditure arising in the course of the year in relation to that Grant. Accordingly, Supplementary Grants for substantial amounts were obtained in the Demands presented to Parliament in November 1962, February 1963 and February 1965.

4. Thus, double provisions and Supplementary Grants for technical reasons become necessary mainly because of—

- (i) the system of gross budgeting;
- (ii) the non-availability of
 - (a) receipts/increased receipts, including recoveries from another Government Department for expenditure;
 - (b) provisions in one Grant/Appropriation, for transfer to another; and
- (iii) funding and utilisation of earmarked receipts as also foreign assistance.

The principle of gross budgeting as well as the non-availability of receipts or recoveries for expenditure derive authority, as mentioned earlier, from the system of Parliamentary control envisaged in the Constitution. Likewise, the existing procedure in respect of funding and utilisation of earmarked receipts and foreign assistance secures a self-contained account in this regard, consistent with the requirements of Parliamentary control over expenditure. In the circumstances, double provisions and Supplementary Grants for technical reasons, cannot be helped, though every effort is made to keep them down to the minimum.

[No. F. 8(24)-3/65, dt. 31-1-66.]

ANNEXURE I

Experiments had been undertaken in the Assay Laboratories in the India Government Mints for about two years and, as a result, a successful method of refining the complex silver alloy was evolved. The said method was termed as "Government process" and its results were entrusted to a firm of Consulting Engineers viz. M/s. Associated Consulting Engineers (India) Ltd., to ensure that the process was practicable under full-scale working conditions. On the basis of the Consulting Engineers' Reports, it was estimated that refining in India would be far cheaper than refining in U.K. In 1948, when the scheme was being scrutinised, the cost in U.K. was stated to be about 2 annas per ounce of unrefined silver whereas in India it was estimated to amount to approximately 9 pies per ounce even assuming that entire capital cost (estimated at Rs. 60 lakhs) would be written off in 10 years. After a good deal of correspondence, a formal Agreement was entered into with the Consulting Engineers on 19-5-1950. The agreement provided for the preparation of detailed designs, drawings, specifications, estimates and schedules of quantities for inviting tenders for the construction of foundations, buildings, process plant and all ancillary services for the Silver Refinery and for calling for tenders for the supply and erection of buildings, plant and services, for examination of and advise on all tenders and for the supervision, of the execution of the project until completion.

2. According to the terms and conditions of the agreement, the Government of India was required to make following payments:—

(a) the remuneration of the firm, on the basis of a graded scale on the actual cost of the Works is given below:

Actual cost of the Works	Percentage fee
Rs. 25 lakhs to Rs. 40 lakhs	5.8%
Rs. 40 lakhs to Rs. 60 lakhs	5.4%
Rs. 60 lakhs to Rs. 80 lakhs	5.2%
Rs. Over Rs. 80 lakhs	5.0%

(b) in addition to fee at (a) above, the Consulting Engineers would be reimbursed at the actual cost of the under-mentioned items from the date of the commencement of the services as certified by a firm of Chartered Accountants:—

- (i) Travelling expenses of Partners of the Consulting Engineers and staff engaged by them on the works whilst travelling between India and the U.K.;
- (ii) The cost of any assistance in arbitration proceedings provided and of any legal advice taken or sought on behalf of the Government;
- (iii) Printing and reproduction of documents, drawings and records and the purchase of maps;
- (iv) Fees for any Specialist's services or laboratory investigation required, or for any boring or other similar surveys carried out with the permission of the Government which may be deemed necessary for the completion of the design of the works; and
- (v) The salaries, allowances, office, travelling and all out-of-pocket expenses incurred by the Resident Engineer and his staff engaged upon the work. These salaries and allowances of the Resident Engineer and his staff shall be subject to the prior approval of the Government.

(c) of the amount of fee calculated under (a) above, a sum of Rs. 78,000/- was payable to the Consulting Engineers within 30 days of the signing of the agreement and a further payment to the extent of 3/5th of the total remuneration under (a) above less the advance of Rs. 78,000 was payable after the completion of the undermentioned services:—

- (i) preparation of a survey of the site, including levels and collection of all necessary site information;
- (ii) investigation of all data and information relating to the site;
- (iii) advice to Government as to special investigations of conditions of sub-soil and arranging, on the Government's behalf, for boring tests, trial pits, test piling, models or other investigations as might be approved by the Government; and

(iv) preparation of drawings and documents necessary to enable the works to be tendered for or otherwise placed including as may be necessary:

- (i) making plans, designs, specifications, drawings and bills or quantities;
 - (ii) making or adapting conditions of contract, forms of tender and invitations to tender and submitting them for approval and decision of the Government; and
 - (iii) advice to the Government as to tenders, tenderers, prices and estimates for carrying out the works provided that no tender shall be accepted by the Consulting Engineers without the express authority of the President in writing.
- (d) the remaining 2/5th of the fee becoming due as and when the work proceeds in proportion to the value of the work done. The final payment, however, was not to be made until the plant was found working to the satisfaction of the Government.

3. After the specifications for the plant and machinery for the Refinery were drawn up in consultation with the Consulting Engineers, necessary tenders were invited simultaneously in India and in Europe. After scrutiny of tenders, the Assay Master & Superintendent, S.R. Project (who, along with another officer of the Assay Department, actually invented the "Government process") and Consultants recommended that the alternative process outlined by Demag Electrometallurgic, Karlsruhe should be accepted for refining QA Coins instead of the contemplated "Government process". The above-mentioned recommendations were discussed, in detail, in an inter-departmental meeting of the Secretaries of the Ministry of Finance (Department of Economic Affairs) and the then Ministry of W.P. & S. as well as the Master Assay Department & Silver Refinery Project and the Mint Master, Alipore. The Secretary of the then Ministry of Scientific Research, who was also an invitee, was unavoidably absent; but had commended the Demag process wholeheartedly by a D.O. letter. It was held, with the approval of the then Finance Minister, that by following the process developed in the Assay Laboratories, the Government would be taking a certain amount of risk in setting up a refinery on such a large scale based on a process, which had not been commercially tried out; even though it was accepted as workable by the Consulting Engineers. It was also held that the tenders received had further accentuated the risk as no one was prepared to guarantee the successful working of some of the operations based on the use of extremely corrosive

chemical, which require very special types of containers. On the other hand, the 'Demag' process, which was based on well-known methods in use, was considered much more suitable because it would not only cost less but would also be safer, resulting in a lower cost of production and having the added advantage of giving us electrolytic copper, which was not produced in India at that time, so that even after the refining of QA alloy was finished, the plant could be useful to us. It was also decided with the approval of the F.M. and the Department of Expenditure that the then existing contract with M/s Associated Consulting Engineers (India) Ltd. should be terminated by paying them the remuneration of £ 16,400 plus out-of-pocket expenses admissible under the contract. A termination of services contract was accordingly arranged with the firm on 23-8-54.

4. It will be seen from the above-mentioned facts that there was nothing wrong with the process and procedure and the payments detailed below, were made to the firm of Consulting Engineers to discharge the contractual obligations of the Government of India:—

(i) *Professional fee [Article 2(a), 3(a) & 3(b) of Contract]—*

	£	S	d	£	S	d
5·2% of estimates based on tenders viz. £ 523,308	27,212	0	4			
3/5th of £ 27,212 0 4				16,327	4	3*

(ii) Expenses under Article 2(f) of the Agreement during the year ending 31-3-50

80 4 2

(iii) Expenses under Article 2(f)(ii) and 3(f) of the Agreement during the year ended 31-3-51

50 14 11

(iv) *Payments under Article 2(f)(ii) of Agreement:*

Printing and reproduction of documents, drawings and records for the period of :

(a) Nine months ended 31-12-51	225	15	9
(b) Quarter ended 31-3-52	277	10	4
(c) Quarter ended 30-6-52	272	0	4
(d) Airfreight and postage on documents	132	5	2

*This amount is inclusive of Rs. 78,000 (£5,850) paid to the firm after the expiry of 30 days of the signing of the Agreement in accordance with Art. 3(a) thereof.

(v) *Payments under Article 2(f)(v) of Agreement :*

	£	S	d
(a) Air passage London/Bombay return and sundry travelling expenses in London of Mr. C. W. Milner Resident Engineer of the Consulting Engineers Firm in London	303	8	4
(b) Expenses of Mr. Milner's visit to Demag's works in Germany	83	6	0
TOTAL in STERLING	£ 17,752	9	3
	Rs. 236,699.50 Ps		
(c) Travelling and hotel expenses in India of Mr. Milner	Rs. 3,012.00		
GRAND TOTAL	Rs. 239,711.50 Ps		

Sd/ A. T. BAMBAWALE'
Joint Secretary to the Govt. of India.

Recommendation

The Committee observe, however, that these orders regarding making of lumpsum provision on rough assessment of expenditure were issued only in June 1962, and could not have influenced the budget provision made for the year 1962-63 which should have been regulated in accordance with the orders of August, 1955. The Committee would be glad if in the light of the glaring cases of over budgeting pointed out in this Report the necessity for making lumpsum budget provision for schemes without adequate financial scrutiny is reconsidered by Ministry.

[S. No. 2 of Appendix XXVII to the 39th Report—Third Lok Sabha.]

ACTION TAKEN

Under the existing orders issued in June, 1962, it is only in respect of schemes which have to be implemented urgently during a financial year but which are not ready in all their details at the stage of budget provision that a 'lump' provision can be included in the budget on the basis of a rough assessment of the expenditure likely to be incurred during the financial year subject to detailed financial scrutiny later when complete details are ready, before operating on the 'lump' provision. The working of the above provision was reviewed by the Finance Ministry sometime in 1964. As

recommended by the Committee earlier, provisions are included in the Budget only for such schemes as have a reasonable prospect of being put through during the financial year. It has, however, to be recognised that in cases of some schemes of urgent nature, it is not always possible at the stage of budget provision to give a detailed break-up and a lump-sum provision based on a rough assessment of the likely minimum requirement may become necessary and justifiable, considering the fact that the budget estimates for a year are finalised about four months before the commencement of the financial year. With a view, however, to ensure that such facility is restricted to really genuine cases, it has been laid down that (i) 'lump-sum' provisions could be accepted for inclusion in the budget only in exceptional cases with the personal approval of the Financial Adviser to the Ministry concerned (i.e. at the level of Joint Secretary or above in the Finance Ministry) and (ii) at least the broad details of the lump provision should be available at the stage of budget provision and are included in the budget documents under suitable sub-heads. The Financial Advisers also keep a watch to see that necessary financial sanction is obtained by the administrative Ministries before operating on the 'lump' budget provisions.

Thus adequate safeguards exist to ensure that lump-sum provisions are included in the budget only in really exceptional cases. This would appear to be substantially in line with the observations of the Committee.

2. Moreover, savings in budgetary provisions arise due to various factors and unavoidable circumstances, such as unexpected delays in procurement of stores, plant and equipments, difficulties in procuring the necessary foreign exchange in time, delay in the adjustment of book debits before the close of the financial year etc., and are not attributable mainly to the 'lump provisions' included in the budget. Attention in this connection is invited also to the note submitted by this Ministry in reply to the recommendation of the Committee at S. No. 3(ii) of Appendix II to their 22nd Report (Third Lok Sabha) [*vide* U.O. note No. F. 10(11)-E (Coord)/64, dated the 10th March, 1965].

Finance Ministry will, however, continue to keep the matter under review with a view to ensuring that the budget estimates are prepared in as realistic a manner as possible so as to narrow down to the minimum the gap between the estimates and the actuals.

[U.O. No. F. 14(59)-E(Coord)/65, dated 28-10-65.]

Recommendation

While the Committee are glad to note that the overall percentage of savings during the year 1962-63 had come down to 1.7 only from 11.0 in the year 1961-62, they find that in as many as 55 individual grants the savings exceeded 10 per cent of the total grants and the percentage in these cases ranged between 10.25 per cent to 70 per cent. In these circumstances the Committee cannot help observing that there is still scope for improvement in budgeting and control over expenditure. Since large savings are indicative of loose budgeting in the sense that these prove the inability of the Departments to spend usefully the funds to the extent anticipated, the Committee would suggest that administrative Ministries should make efforts to frame their estimates more realistically and with a greater degree of precision to avoid a supplementary grant which cannot be utilised.

[S. No. 3(i) of Appendix XXVII to 39th Report—Third Lok Sabha.]

ACTION TAKEN

Suitable instructions have been issued to all Ministries vide O.M. No. F. 14(58)-E(Coord)/65-I, dated the 28th January, 1966 (copy enclosed).

Recommendation

The Committee do not appreciate the advice given by the Ministry of Finance in this case for diverting funds from the savings for giving grants to private medical colleges. The fact that subsequently necessity was felt of opening a separate sub-head so that at least in future the expenditure could be brought to the notice of the Parliament also confirms the Committee's view that the expenditure on this account should have been treated as a 'New Service'.

[S. No. 14 of Appendix XXVII to 39th Report—Third Lok Sabha.]

ACTION TAKEN

The observations of the Committee have been noted for future guidance.

Recommendation

The Public Accounts Committee had in the past taken serious note of the delays in furnishing utilisation certificates by the grantees. In para 28 of their 25th Report (Third Lok Sabha) they had desired that the Ministry of Finance should review the position and take necessary measures to ensure that further grants are not made to institutions which default in submission of utilisation certificates in time. The Committee had also suggested that the position in this regard should be streamlined by the Ministry of Finance so that Government are able to exercise power checks and vigilance through the Financial Advisers attached to the autonomous

bodies etc. receiving large grants. The Committee regret to observe that the position of utilisation certificates in respect of grants given to non-Government institutions, bodies etc. continues to be far from satisfactory. They would urge upon the Ministry of Finance to implement their above mentioned recommendations without further delay.

[S. No. 77 of Appendix XXVII to 39th Report—Third Lok Sabha].

ACTION TAKEN

Instructions have been issued requiring Ministries not to release further grants to institutions which fail to furnish proof of proper utilisation of the earlier grants within a reasonable time, except in very exceptional circumstances which should be kept on record *vide* Ministry of Finance O.M. No. F. 14(5)-E.II(A)/64, dated the 22nd April, 1965.

Further steps taken for improving financial control over bodies receiving large grants have been intimated to the Committee in the note furnished with reference to action on the recommendation in para 28 of their 25th Report (Third Lok Sabha) [*vide* Finance Ministry, Department of Expenditure U.O. No. F. 14(16)-E(Coord)/64, dated the 7th June, 1965]. The position will continue to be watched and improvements will be introduced as necessary.

Recommendation

(i) Commenting on the position of outstanding objections and inspection reports as reported in Audit Report (Civil), 1963, the Public Accounts Committee (1963-64) in their 25th Report (Third Lok Sabha) had desired that such of the Ministries as had not designated a special officer to deal with audit objections with a view to ensuring their prompt disposal should soon take necessary action in the matter. The Committee had also suggested that a procedure should be laid down to pick up for disposal more important objections which call for early settlement and which might otherwise involve possible loss to Government. The Committee have been informed that the Ministries have been advised to take early action for designation of special officer for the purpose. As regards enrolling of a suitable procedure it has been stated that the existing orders stipulate that the Ministries should bestow special care in respect of such objections as involved the possibility of recurring loss.

The Committee feel that there is still scope for improvement in the extant procedure. They trust the Ministry of Finance will further impress upon the administrative Ministries the necessity of making greater efforts to dispose of old objections and avoid their accumulation in future.

(ii) *Apart from the prompt disposal of Audit objections, the Committee would like Government to ensure that the executive officers are well conversant with Rules and Regulations pertaining to financial matters, so that the number of Audit objections is substantially reduced.*

[S. No. 79 of Appendix XXVII to 39th Report—Third Lok Sabha.]

ACTION TAKEN

A copy of the instructions issued to the Ministries is enclosed, [vide O.M. No. F. 14(58)-E(coord)/65-II, dated 28th January, 1966].

Recommendation

The Ministry of Finance have furnished a statement showing action taken on this recommendation of the P.A.C. contained in para 17 of 25th Report (Third Lok Sabha). It has been stated therein that "it is considered advisable to wait for the position in the subsequent years before setting up a Committee as recommended by the Public Accounts Committee. The Committee, however, find that there has not been any appreciable improvement in the position. They, therefore, reiterate that as already suggested a Committee with a senior officer of the Comptroller and Auditor General and another senior officer of the Ministry of Finance should examine the problems connected with the settlement of retirement dues".

[S. No. 84 of Appendix XXVII to 39th Report—Third Lok Sabha.]

ACTION TAKEN

A Committee of Secretaries have recently gone into the question of delays in the settlement of pension/provident fund cases in detail. A representative of the Comptroller and Auditor General was also associated with this Committee. They have made a number of recommendations with a view to simplifying the existing rules and streamlining procedures. These recommendations are being processed separately.

[Min. of Fin. U.O. No. F. 14(58)-E(Coord)/65, dated 28th January, 1966.]

No. F. 14(58)-E(Coord)/65-I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 28th January, 1966

OFFICE MEMORANDUM

SUBJECT.—*30th Report of the P.A.C.—preparation of realistic estimates and effective control over expenditure against sanctioned grants.*

The Public Accounts Committee in para 5 of the 39th Report (Third Lok Sabha) have made the following observation while commenting on the need for greater precision in the preparation of the budget estimates by the Ministries:—

“While the Committee are glad to note that the overall percentage of Savings during the year 1962-63 had come down to 1:7 only from 11:9 in the year 1961-62, they find that in as many as 55 individual grants the savings exceeded 10 per cent of the total grants and the percentage in these cases ranged between 10·26 per cent to 70 per cent. In these circumstances the Committee cannot help observing that there is still scope for improvement in budgeting and control over expenditure. Since large savings are indicative of loose budgeting in the sense that these prove the inability of the Departments to spend usefully the funds to the extent anticipated, the Committee would suggest that administrative Ministries should make efforts to frame their estimates more realistically and with a greater degree of precision to avoid a supplementary grant which cannot be utilised.”

Again in para 3 of their 36th Report, the Committee have observed as follows:—

“During the course of examination of the individual Administrative Ministries, the Committee gathered the impression that the position in regard to savings might be considerably improved by a closer scrutiny by the Ministry of Finance, of the basis on which the administrative Ministries propose their estimates.”

As the Ministries are aware, the Public Accounts Committee have commented adversely in their earlier reports also about the large savings occurring in a number of grants/appropriations year after

year. The Appropriation Accounts (Civil), 1963-64, and Audit Report, 1965, thereon also show that there has not been any appreciable improvement in the position.

Instructions have been issued to the Ministries from time to time emphasising the need for framing their budget proposals on a realistic basis and for including in the budget only such schemes/proposals as have been worked out in complete detail and have a reasonable prospect of being carried through during the financial year. Attention in this connection is invited also to para 2 of this Department's O.M. No. F. 10(4)-E(Coord)/62, dated the 1st June, 1962, and the O.M. No. F. 18(13)-E.G.I./63, dated the 17th March, 1964. In cases where the schemes are not fully worked out at the budget stage and a realistic estimate of the likely expenditure during the year is not found possible, provision for preliminary expenses and immediate requirements need only be included in the budget as far as possible subject to review later on during the financial year on the basis of progress made in the planning of and sanction of the schemes.

Apart from the realistic estimation of the budget, the Ministries are requested to take adequate steps for effective control over the progress of expenditure against the sanctioned Grants including expenditure on account of book adjustments and payments for procurement of stores, supplies and services, so as to ensure that, as far as possible, there do not occur cases of unnecessary supplementary grants or large savings or excesses under the grants under their control.

The Ministries of Commerce/etc. may kindly note the observations of the Committee cited above and issue suitable instructions to all estimating and controlling authorities under them.

(Sd.) K. SANKARAN,

Deputy Secretary to the Government of India.

To

All Ministries/Depts. of the Government of India.

No. F. 14(58)-E(Coord)/65-I

Copy forwarded to all officers and Branches in the Civil Expenditure Divisions for information and suitable action. The need for effecting a purposeful scrutiny of budget proposals of Ministries so as to ensure that the budget provision accepted is related as closely as possible to the actual likely requirements may kindly be borne in mind.

(Sd.) K. SANKARAN,

Deputy Secretary to the Government of India.

No. F. 14(58)-E(Coord)/65-I

Copy forwarded also to:—

- (i) All Heads of Divisions in the Department of Expenditure.
- (ii) F.A. & C.A.O., Farakka Barrage Project, Murshidabad.
- (iii) Department of Economic Affairs (Budget Division).

K. SANKARAN,

Deputy Secretary to the Government of India.

No. F. 14(58)-E(Coord)/65-II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 28th January, 1966

OFFICE MEMORANDUM

SUBJECT:—39th Report of the P.A.C. (Third Lok Sabha)—Recommendations regarding outstanding audit objections and inspection reports.

With reference to the large number of outstanding Audit Objections and Inspection Reports shown against the various Ministries in the Audit Reports (Civil) from year to year, the P.A.C. have made the following observations in para 82 of their 39th Report (Third Lok Sabha):—

- “(i) Commenting on the position of outstanding objections and inspection reports as reported in Audit Report (Civil), 1963, the Public Accounts Committee (1963-64) in their 25th Report (Third Lok Sabha) had desired that such of the Ministries as had not designated a special officer to deal with audit objections with a view to ensuring their prompt disposal should soon take necessary action in the matter. The Committee has also suggested that a procedure should be laid down to pick up for disposal more important objections which call for early settlement and which might otherwise involve possible loss to Government. The Committee have been informed that the Ministries have been advised to take early action for designation of special officer for the purpose. As regards evolving of a suitable procedure it has been stated that the existing orders stipulate that the Ministries should bestow special care in respect of such objections as involved the possibility of recurring loss.

The Committee feel that there is still scope for improvement in the extent procedure. They trust the Ministry of Finance will further impress upon the administrative Ministries the necessity of making greater efforts to dispose of old objections and avoid their accumulation in future.

(ii) Apart from the prompt disposal of Audit Objections, the Committee would like Government to ensure that the executive officers are well conversant with Rules and Regulations pertaining to financial matters, so that the number of Audit Objections is substantially reduced."

2. Instructions have been issued from time to time emphasising on the importance of prompt settlement of audit objections by the administrative authorities and for keeping a close watch over the clearance of objections outstanding for over six months, special attention being paid to the more important audit objections involving financial implications and possibility of recurring loss. Attention is invited to the detailed instructions contained in the "Standing Guard File on speedy settlement of audit objections/Inspection Reports" which has already been circulated to all Ministries and also to this Department's O.M. No. F. 18(64)-E.G.I./64, dated the 13th August, 1964, advising the Ministries to designate a senior officer for attending to the work of prompt settlement of audit objections and Inspection Reports. Under the existing instructions, the Ministries are required to make a systematic review of the progress of clearance of the outstanding audit objections etc. reported by the Audit Officer in their half-yearly reports, with reference to the periodical progress reports received from the Heads of Departments/Offices. The results of the review, indicating the progress of clearance of objections, are also to be intimated to audit from time to time. The proper observance of these procedures coupled with a vigorous drive by the Heads of Deptts. and offices for the prompt settlement of the audit objections soon after their receipt by arranging periodical discussions with the local audit authorities concerned should facilitate the disposal of the old objections and avoid their accumulation in future. In the case of large/Deptts./offices under the Ministries also, the desirability of having a designated officer for pursuing vigorously the settlement of outstanding audit objections and inspection reports in each such organisation may also be considered by the Ministries.

Ministries are requested to take suitable remedial measures for reducing the back-log of audit objections/inspection reports. They are also requested to bear in mind the need for ensuring that the various drawing and disbursing officers and other implementing authorities are well conversant with the financial rules and regulations so as to minimise chances of occurrence of irregularities.

3. Attention of the Ministries is also invited to the powers delegated to them for the waiver of audit objections of value of Rs. 500 and less, *vide* Finance Ministry's O.M. No. F. 12(27)-E.II(A)/61, dated the 13th October, 1961. These powers were delegated to the Ministries and Heads of Deptts. with a view to facilitate the speedy settlement of minor audit objections. It is presumed that these powers are being exercised by the Ministries wherever necessary and justified.

(Sd.) K. SANKARAN,

Deputy Secretary to the Government of India.

To

All Ministries/Deptts. of Government of India.

No. F. 14(58)-E(Coord)/65-II

Copy forwarded to:—

- (i) All Branches in Civil Expenditure Divisions with the request to show this O.M. to their D.F.As./A.F.As. also.
- (ii) Department of Economic Affairs (Budget Divn.).
- (iii) Defence Division (Budget Division).
- (iv) F.A. & C.A.O., Farakka Barrage Project, Murshidabad.

(Sd.) K. SANKARAN,

Deputy Secretary to the Government of India.

Recommendation

The Committee are unable to understand why these schemes for development were not received from the State Governments when they were already examined by the representatives of the State Governments, Planning Commission, Ministry of Finance and the Administrative Ministry concerned. It appears that there is scope for better coordination amongst the various authorities concerned so as to achieve better results.

The Committee would also like to watch through future Audit Reports the working of the new system (to be introduced from 1st April, 1965) with regard to the verifications by Audit of the utilisation as grants or loans.

(Paragraph 10 of the 39th Report.)

ACTION TAKEN

The observations of the Committee in regard to the large savings in the appropriation for grants-in-aid to States on account of the non-receipt of proper schemes from the State Governments and the

suggestion of the Committee about better co-ordination amongst the various authorities, have been noted. The Ministry of Finance have advised all the Ministries of the Government of India on 3rd January 1966 to keep the observations of the Committee in mind for guidance and compliance in future and to ensure that the budget estimates in respect of grants-in-aid to States for the various schemes are framed as accurately and realistically as possible.

2. The revised system of verification by Audit of the utilisation of loans and grants for plan Schemes has been introduced with effect from the current financial year (1965-66). Though some of the State Governments have suggested the postponement of this system to the Fourth Plan period, they have been informed that this is not possible and certain minor difficulties that always arise during a period of transition from one system to another have to be overcome. Specific points of doubt raised by some of the States have also been clarified. The results of the working of the procedure can be evaluated only after the current financial year is over.

3. This note has been seen by Audit.

[No. 9(13)-P/65, Dtd. 7.2.1966]

Recommendation

It was further disclosed in evidence that even the Rehabilitation Finance Administration did not have adequate machinery to deal with the problem fully even though about Rs. 5 lakhs were sanctioned to them for providing additional staff for the purpose. The Committee desired that the entire machinery may be placed on a proper footing for proper implementation of the schemes and steps taken to remedy the defects mentioned in the Audit Report. The Committee may also be informed of the reviews proposed to be conducted by the Ministry.

[Serial No. 18 of App. XXVII of the 39th Report—Third Lok Sabha.]

ACTION TAKEN

The following temporary posts have been created under the Ministry of Finance, Department of Company Affairs & Insurance, for enforcement work connected with the realisation of premiums

under the Emergency Risks (Goods) Insurance Scheme and the
Emergency Risks (Factories)Insurance Scheme:—

Designation	No. of Posts	Scale
		Rs.
Deputy Director	One	700—40—1100—50/2—1250.
Chief Enforcement Officer	Five	475—25—500—30—590—EB— 30—830.
Enforcement Officer	Fifty	210—10—290—15—320—EB— 15—425
Stenographer	One	210—10—290—15—320—EB— 15—426
Stenographer	Five	130—5—160—8—200—EB—8— 256—8—280—10—300.
Lower Division Clerk	Ten	Rs. 110—3—131—4—155—EB— 4—175—5—180.
Peon	Five	70—1—80—EB—1—85.

The above staff has been sanctioned upto the 28th February, 1966. The posts of Deputy Director, Chief Enforcement Officer and Enforcement Officer have been filled up except three posts of Enforcement Officer. Arrangements are in progress to fill up these posts as early as possible. The other posts are likely to be filled up by the end of October 1965.

2: As regards reconciliation of figures of premium received under the two Emergency Risks Insurance Schemes with the figures booked in the Accounts Officer, as pointed out in para 128 of Audit Report (Civil), 1964, the actual procedure to be followed in this connection has since been finalised in consultation with the Comptroller and Auditor General of India *vide* Comptroller & Auditor General's Circular No. 1879-Tech.Admn.I/88-Admn.I/63 Vol. I dated the 25th June, 1965 (Copy enclosed).

3. Since the Enforcement Organisation has started functioning only recently no review of the problem of evasion could be undertaken so far.

No. 1879-Tech.Admn.I/88-Adm.I/63 Vol. I

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA, NEW DELHI

Dated 25th June, 1965

To

All Accountants General and offices subordinate to them.

SUBJECT.—*Premium received under the Emergency Risks (Goods/Factories) Insurance Scheme—Reconciliation of figures.*

Sir,

I am to invite a reference to the Govt. of India, Ministry of Finance (Deptt. of Company Affairs and Insurance) circular letter No. 116(1)Ins-I/64-ERI dated 8-4-65 on the subject, wherein you have been requested to issue instructions to the Treasury Officers under your jurisdiction in regard to the reconciliation of the credits under the Emergency Risks (Goods)/(Factories) Insurance Scheme. The actual procedure to be followed for the reconciliation of the receipts, has since been finalised by this office in consultation with the Govt. of India. Action on the following lines may please be taken immediately to facilitate early reconciliation of receipts under the scheme by the Govt. of India.

The treasury officers under your jurisdiction may be asked to furnish schedule (in duplicate) in support of the credits to the Emergency (Goods/Factories) Risks Insurance Scheme from the time the scheme was started up to 31-3-64. Similarly they may be asked to prepare another set of separate schedules in duplicate from 1-4-64 to 31-3-65. For 1965-66 the Treasury Officers may be directed to send monthly statements in duplicate showing the amounts credited. These schedules should contain all particulars like (i) Challan No. (ii) date of credit (iii) name of the party tendering the amount, (iv) brief particulars of the remittances and (v) the amount remitted. On receipt of these treasury schedules, the figures should be compared with those booked in your accounts and a copy of the schedule forwarded to the Govt. of India for necessary reconciliation with the figures as per books of the Government Agent, the Oriental Fire and General Insurance Co., Ltd. The Govt. of India may also be addressed to confirm that the credit as reported by you have been reconciled with the Departmental figures.

The receipt of this letter may please be acknowledged.

Yours faithfully,

Sd/- P. V. VASUDEVAN,
for Deputy Director (Tech. Admn.)

No. 1880 Tech.Admn.I/88.Adm.I/63

Copy forwarded to the Govt. of India, Ministry of Finance, Deptt. of Company Affairs & Insurance, New Delhi for information with reference to their U.O. No. 116(1)/64-ERI dated 4th June, 1965.

Sd/- D. PANCHAGESAN,
Administrative Officer (Tech. Admn.)

Recommendation

The Comptroller and Auditor General had suggested that the Government of India might prescribe a target date by which State Governments submit the statements to the Accountants General; failing which the Central Assistance due to the States would be finalised on the basis of the statements received and the excess amount received, if any, would be refunded to the Central Government. The Committee would like to be informed whether the suggestion of the Comptroller and Auditor General had been accepted and if so, what target date had been notified to the State Governments for furnishing the required statements to the Accountants General. They may also be apprised of the further steps taken to expedite the final adjustments of the payments under the scheme and the results achieved in this regard.

[Para 6 of 40th Report (III Lok Sabha)]

ACTION TAKEN

The suggestion of the Comptroller and Auditor General to fix a target date has been accepted and the State Governments have been informed on 19th October, 1965 that they should arrange to furnish the necessary statements and any other information that may be required by the Accountant General before the 31st March 1966, and that the assistance due to the State Governments will be finally determined on the basis of the information that would have been furnished by that date. A copy of the D.O. letter from Shri S. Dutt, Joint Secretary to the Finance Secretaries of State Governments is enclosed for information at annexure I.

2. The State Governments are being regularly reminded to keep the Government of India posted with the progress made in completing the submission of statements to the Accountants General. It is hoped that the matter can be settled by the end of the current financial year.

3. Action is also being taken separately to examine the specific difficulties in the case of individual States. It has been found that special difficulties or specific modifications needed have been reported only from four States, viz. Assam, Kerala, Madras and Uttar Pradesh. It is proposed to discuss these cases with Audit.

4. A statement showing the progress as on 1-1-1966 made by different States in finalising their claims is given in the Annexure II.

This has been seen by Audit

ANNEXURE I

S. Dutt

Joint Secretary:

D.O. No. 7(1)-P/65

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Coordination)

New Delhi, the 19th October, 1965

My dear

Please refer to D.O. No. F. 15(8).Est.III/60 dated the 6th September, 1963 from Shri R. P. Padhi, the then Joint Secretary in the Ministry of Finance (Department of Expenditure) and the subsequent correspondence regarding the Central assistance given to your State towards the expenditure on the increases in the emoluments of low-paid employees during the period 1957-58 to 1960-61.

2. Some State Governments had made certain suggestions regarding modifications in the procedure of accounting. These suggestions have been carefully considered and it has been decided that it is not possible at this stage to make any changes.

3. The delay in finalising the assistance given to the States has been the subject of criticism by the Public Accounts Committee. The Committee has also suggested that a target date may be fixed for completion of this work. I am therefore to request that the State Governments may kindly arrange to furnish the necessary statements and any other information that may be required to the Accountant General of the State *before the 31st March, 1966*. The assistance due to the State Governments will be finally determined on the basis of the information that would have been furnished by that date.

Yours sincerely,

Sd/- S. DUTT.

Shri (Finance Secretaries)
of all the State Governments.

ANNEXURE II

(Rs. in Lakhs)

States	Total amount provisionally disbursed during 1957-58 to 1960-61	Amount for which statement sent to Audit	Amount verified & passed by Audit	Balance for which certificate is required.
1. Andhra Pradesh	551·60	357·96	..	551·60
2. Assam	67·38	62·24	..	67·38
3. Bihar	526·00	158·00	105·33	420·67
4. Gujarat	35·00	32·07	30·17	4·83
5. Jammu & Kashmir	29·00	N.A.	..	29·00
6. Kerala	444·24	81·58	81·58	362·66
7. Madhya Pradesh	303·51	189·33	84·63	218·88
8. Madras	818·64	349·20	..	818·64
9. Maharashtra	434·24	290·94	22·72	411·52
10. Mysore	52·99	74·01	74·01	..
11. Orissa	196·00	200·49	..	196·00
12. Punjab	61·56	56·60	55·77	5·79
13. Rajasthan	303·25	301·14	258·91	44·34
14. Uttar Pradesh	1488·80	N.A.	..	1488·80
15. West Bengal	204·02	200·09	137·47	66·55
TOTAL	5516·23	N.A.	850·59	4686·66

Audit observations :—The figures mentioned above have not been verified in Audit.

APPENDIX X
MINISTRY OF FOOD & AGRICULTURE

Recommendation

(i) *The Committee are not satisfied with the explanation in this case. They regret to note that no action was taken to settle the rate for clearing and stocking of the balance of timber as soon as it became clear that its continued storage with the old contractor was unavoidable. The plea that it was not clear at that time as to how long these stocks would remain with the contractor is hardly convincing. Had timely action been taken in the matter, it would have saved delay and legal expenses incurred over a period of years.*

(ii) *The Committee also note that out of Rs. 15,004 paid to the contractor towards refund of amounts withheld on account of shortage of timber, only a sum of Rs. 6,377 had been recovered from the shipping company and further claims for only a few hundred rupees were pending. They would like to be informed of the reasons for the non-realisation of the balance of the loss on this account.*

[S. No. 24, App. to 20th Report (3rd LS).]

ACTION TAKEN

(i) Observations made by the Committee have been noted for future guidance.

(ii) Two bills of M/s. Assam-Bengal Saw Mills Ltd., Calcutta, amounting to Rs. 15004.19 were withheld pending investigation of the shortages of timber that had occurred in transit during the period the Company was working as Clearing Agents. On a subsequent examination during the hearing of the suit, filed by the Company, in the Calcutta High Court, for the recovery of their alleged dues, which included the above amount, the Govt. Counsel opined that the clearing agents could not be held responsible for these ex-ships shortages in view of the fact that the receipts for the actual quantities received by stockists were granted after completion of discharge of the cargo from each ship.

2. On an examination of the shortages reported from the Govt. Chartered Vessels, which *inter alia* included these two claims by a Committee constituted by the Andamans Administration, an

amount of Rs. 6,482.85 out of these two claims could be recovered from the Shipping Department of the Andamans Admn. who accepted the liability to that extent only.

3. The deductions of Rs. 15,004.19 were made initially from the Company's bills by the Andamans Forest Deptt. under the impression that they would have obtained short-landing certificates from the ships in which case the liability would have ultimately been that of the carriers. However, in view of the opinion of the Government Counsel referred to above, the question of obtaining short-landing certificates in such cases did not arise. Hence the responsibility for the balance of the claim could not be fixed either on the stockists or on the shippers and the same cannot be recovered from any of the parties now.

4. The losses of sawn timber in these cases are to some extent incidental to the nature of the care and the difficulties in shipment and clearance. Every effort is made to avoid losses, from the experience gained, but sometimes it becomes necessary to dispense with the ex-ship tally of the sawn timber at destination port, as otherwise the loss to Government on account of the detention of the ships pending a tally, would be considerable. These small losses occur when the tally is dispensed with to avoid considerable loss to Government due to detention of carrier ships. The alternative would be to incur heavier losses by detaining the carrier ship for making a tally. Between the two it seems more prudent to accept these small losses which are more in the nature of minor trade losses incidental to the nature of the cargo and the mode of its carriage and are not due to any avoidable negligence or defective system. After ensuring that there is no negligence and that the loss is minor and inevitable, it has to be written off by the competent authority.

Recommendation

The Committee observe that there is difference of opinion between the Ministry of Food and Agriculture and Law regarding the liability for the Port Trust dues. They, therefore, desire that the Ministry should refer the matter to the Ministry of Law for their reconsideration and that their final opinion be intimated to the Committee as well.

[S. No. 25, App. to 20th Report (3rd LS)]-

ACTION TAKEN

In accordance with the observations made by the Committee the Min. of Law were requested to consider their views on this matter in the light of the information furnished by this Ministry and the Ministry of Transport. The Law Ministry has reiterated that though the liability to pay the Port dues was cast upon the agent under clause 7 of the Agreement with them, this liability was however, *vis-a-vis.* of the Government and not the Port Trust Commissioners, who were not parties to the Agreement between the clearing agents and the Govt. It was thus primarily the responsibility of the Govt., and not of the agent, to pay the Port Trust dues to the Port Commissioners as the consignee of the goods. The opinion now given by the Ministry of Law has been noted and the Ministry has already taken steps to include suitable provisions in agreements with the clearing agents and stockists of Andamans timber to ensure that the latter are not paid their claims on account of port dues, etc. until and unless they furnish documentary evidence of having paid these dues to Port Trust Authorities.

(This has been vetted by the A.G.C.R., New Delhi)

(Department of Agriculture)

Recommendation

The Committee note that one of the reasons for the shortfall in procurement of milk was the defective working of the collection and chilling centres. Thus, the two centres set up by the Scheme at Alipur and Najafgarh were not functioning at all. Similarly, the supplies from Ballabgarh and Bahadurgarh centres last winter were only 80-90 maunds as against the maximum capacity of 400 mds. At Bahadurgarh the supplies during the summer were only 35 maunds.

From the facts placed before the Committee, it is obvious that there had been a failure to make proper survey about the availability of milk to the Scheme before setting up these centres. The Committee were surprised to learn during evidence that as early as 1960 the Scheme had tried to procure milk at Alipur and Najafgarh Centres with the help of local Administration but it could not succeed. Even then, the Scheme went on investing on these centres. Expenditure was incurred on the electrification of the Alipur Centre and an Assistant Manager was posted for five months (from 24th Jan. 1963 to 24th June, 1963) and paid Rs. 250/- per month for surveying the milk supply although no milk could be collected at the Centre.

[Para 131 of 23rd Report (3rd LS)].

The Committee regret to note that lack of proper planning and fore-thought had resulted in large capital expenditure incurred on the setting up of these Centres (about Rs. 3 lakhs on each Centre), remaining unutilised, besides a lot of recurring expenditure on staff appointed to look after these Centres. They trust that the Scheme would be more careful in setting up further such Centres.

[Para 132 of 23rd Report (3rd LS)].

ACTION TAKEN

The recommendations have been noted for compliance.

Recommendation

While the Committee note that there had been improvement in the achievement of rated capacity for the various products, they find that in the case of butter the production still fell too short of the rated capacity (24.11%). The Committee could get no explanation for such a large shortfall in the case of butter which according to the Ministry's own statement gave a good return on capital. The Committee, therefore, feel that this matter requires further examination. As the low utilisation of rated capacity results in high percentage of overheads affecting the cost of production, the Committee desire that efforts should be made to achieve the rated capacity for various products early.

[Para 133 of 23rd Report 3rd LS]

ACTION TAKEN

The reason for butter production falling short of the rated capacity is that the primary aim of the Delhi Milk Scheme is to supply milk for consumption in the liquid form. Milk products can, therefore, be manufactured only when milk surplus to the quantity required for liquid consumption becomes available. Normally, very little surplus milk is available during summer. It is only during winter that surplus milk is available when products like butter, ghee etc. are manufactured. This period of surplus supply generally lasts from November to March, i.e. for only five months in a year.

Recommendation

The Committee would like the Delhi Milk Scheme authorities to make efforts to reduce the cost of production of ghee so that the loss incurred may be reduced if not eliminated altogether.

[Para 134 of 23rd Report (3rd LS)]

ACTION TAKEN

The cost of production of ghee during 1962-63 was Rs. 8.28 per k.g. (loose). The cost in packages is given below:—

	Rs. Ps.
1 kg.	8·96
2 k.g.	17·55
4 k.g.	34·52

It has not been possible to reduce the cost of production of ghee as the cost of procurement of milk has gone up.

The selling price of ghee upto 31-1-1965 was as follows:—

	Rs. Ps.
1 k.g. tin	8·30
2 k.g. tin	16·15
4 k.g. tin	31·65

Since the above sale prices of ghee were uneconomical, the prices have been revised w.e.f. 1-2-1965 as follows:—

	Rs. Ps.
1 k.g. tin	9·30
2 k.g. tin	18·15
4 k.g. tin	35·65

Recommendation

The Committee desire that the reasons for the large increase in supervision and distribution charges and on miscellaneous expenditure should be re-examined and steps taken to reduce the various charges to the extent possible to minimise the cost of production of various products and also the loss suffered by the Scheme.

[Para 135 of 23rd Report (3rd LS)].

ACTION TAKEN

The working of the Scheme has since been examined by a Team of Experts and they have made recommendations of a far-reaching nature for the improvement of the working of the Scheme. A copy

of the broad recommendations of the Team of Experts is enclosed.* These recommendations *inter alia* involved appointment of a large number of senior officers and staff in the Delhi Milk Scheme, besides intensification of the procurement measures by extending the area of operation to a distance of 300 miles from the Capital. As a consequence the expenditure on this Scheme has shown a tendency to increase in the current financial year and will increase further during 1965-66. This will result in increased losses in the working of the Scheme both in the current year and the next year. However steps have been taken to minimise these losses by increasing the sale price of milk and milk products.

Recommendation

The Committee would also like to invite attention in this connection to their recommendation in para 52 of their Eighth Report (1962-63) suggesting that early steps should be taken to increase the through-put as originally envisaged so that the Scheme runs on 'No-profit-no-loss basis', as intended by Government.

[Para 136 of 23rd Report (3rd LS)].

ACTION TAKEN

This is already being done. The number of milk collection and chilling centres has increased from 10 in 1961-62 to 12 in 1962-63 and 13 in 1963-64. A new Centre at Kithore was commissioned on 4-9-1964. This Centre has been handed over to the Cooperatives. Delhi Milk Scheme has started directly collecting milk in an area near Karnal. The through-put of milk has increased as below:—

Buffalo Milk	Lakhs Ltrs. per annum	Lakhs Ltrs per day.	Mds. per day.
1959-61	2.32	0.45	1235
1961-62	3.12	0.85	2350
1962-63	4.30	1.18	3240
1963-64	4.63	1.27	3479

*Not Printed

Cow Milk	Lakhs Ltrs. per annum	Lakhs Ltrs. per day	Mds. per day
1959-61	3.97	934	26
1961-62	4.90	1342	37
1962-63	18.96	5194	143
1963-64	20.59	5644	155

The year 1964-65, however, proved to be difficult in the matter of milk procurement and the quantity of milk procured showed a tendency to decline in the beginning of the year owing to floods and consequent shortage in the production of fodder. The quantity went down to about 2,000 maunds per day in May, 1964. There was a rise in the flush season; the procurement reached 3700 maunds per day in February, 1965. Every effort will be made to increase the throughput of the Scheme further during the current plan period.

Recommendation

The Committee feel concerned to note that although it is more than four years since the Scheme started functioning, the accounts are still in highly unsatisfactory state. They need hardly emphasise the necessity of maintaining proper accounts to keep a watch over financial transactions and to locate abnormal wastages and/or loss due to pilferage etc. They trust that the steps taken by the Scheme would result in the improvement of the position in this regard.

[Para 137 of 23rd Report (3rd LS)].

ACTION TAKEN

(i) Daily reconciliation of realisations against the supplies to Depots is being carried out now on the mechanised system.

(ii) Price stores ledgers are being maintained from 1962-63 onwards.

(iii) Costing system has been formulated for working out the cost of repairs and maintenance of the vehicles of Delhi Milk Scheme.

(iv) The work of maintenance of accounts has been improved very markedly with the strengthening of the accounting staff and adoption of machine accounting. A manual of accounting procedure has been prepared and introduced. All receipts/sales of milk are being duly accounted for. The same is also the case with stores.

Recommendation

According to a note furnished by the Ministry, milk worth Rs. 5.20 lakhs went sour and curdled since November, 1959 to the end of 1962-63. Although, out of this, milk worth about Rs. 5.09 lakhs had been utilised for making by-products, milk worth Rs. 11,650 was curdled and could not be used.

Similarly, a loss of 47, 873 new milk bottles valued approximately Rs. 19,149 had been on account of fire on 18th April, 1963 as the gunny bags containing bottles had been stacked in the open yard for inspection before taking this on stock.

It is apparent from these cases that the loss of milk bottles and other products had been not only due to normal wastage during handling and processing but due to other reasons also. The Committee, therefore, feel that this matter required detailed examination to analyse as to what extent these losses had been due to causes other than normal wastage during handling and processing so that suitable steps can be taken to avoid such losses in future.

The Committee also feel that as it is already more than 4 years since the Scheme started functioning steps should be taken to lay down standards on the basis of past experience for the loss and wastage of milk bottles and various other products during handling and processing. This would enable the management to locate any abnormal wastage and to take necessary remedial measures.

[Paras 138-139 of 23rd Report.]

ACTION TAKEN

It has been explained earlier before the Public Accounts Committee that while efforts are being made to keep down handling losses and breakages of bottles to the minimum, suitable norms could be fixed only after some time, when the results of observations were clear. The causes for the losses have been examined departmentally and measures have been introduced since February, 1964, to determine the loss of milk and bottles at different stages with a view to collecting requisite statistics over a period of about 2 years to enable us to evolve some acceptable norms in this sphere. Some of the measures introduced are as follows:—

(i) Recording of the breakages of bottles in the various operations i.e., washing, filling, stacking and distribution.

(ii) The quantity filled in bottles to be checked by random sampling to avoid losses due to over filling.

(iii) Surprise checks of loading of milk in Vans.

(iv) To eliminate the incentive for stealing bottles, repurchase of empty milk bottles has been discontinued. Individual cases of loss either due to pilferage or fire or theft are specifically investigated departmentally with a view to fixing responsibility and action taken against the defaulting employees in the Scheme.

Recommendation

The Committee regret to note that instead of selling butter or converting it quickly into ghee, large quantity of butter was allowed to accumulate even when the Scheme did not have an adequate deep-freeze equipment. They were informed that there had been a little carelessness on the part of the authorities, that necessary enquiries were being made by the Ministry in this matter and that the responsibility would be fixed. The Committee would like to be informed of the action taken in the matter as also the amount of loss suffered on this account.

[Para 140 of 23rd Report]

ACTION TAKEN

The matter was enquired into by a Senior Officer of the Department of Food and his report, which was received recently, has been examined. There was error of judgment on part of one Officer of the Scheme and negligence on the part of another. The services of one officer have been terminated. Another officer has been compulsorily retired. The loss suffered by the Government in this case amounts to Rs. 99,600 approximately.

Recommendation

The Committee were also surprised to note that although deep freeze equipment was ordered in October, 1962, it had not been received so far. They desire that the matter should be pursued vigorously with the suppliers to avoid the recurrence of the type of losses mentioned above.

[Para 141 of 23rd Report, 3rd L.S.]

ACTION TAKEN

Deep freeze equipment has been received in January, 1965. It will be installed as soon as possible.

Recommendation

The Committee regret to note that even the elementary precaution of properly cleaning the packages before they were packed with powder was not taken in this case. They need hardly emphasise the necessity of maintaining a very high standard of cleanliness in the

storage and handling of various products of the Scheme and any laxity in this regard should be seriously viewed by the Scheme. The Committee hope that such cases will not recur.

[Para 142 of 23rd Report, 3rd L.S.]

ACTION TAKEN

Every possible care is now being taken to avoid use of any unclean material for packing milk powder. The Government accept the recommendations of the Public Accounts Committee.

Recommendation

The Committee desire that efforts should be made to recover the old outstandings expeditiously.

[Para 143 of 23rd Report, 3rd L.S.]

ACTION TAKEN

Out of the total sum of Rs. 575 lakhs which was outstanding on 31st March, 1962, only Rs. 0.25 lakh remain to be recovered. Efforts are being made to recover these outstandings as early as possible.

Recommendation

The Committee desire that the feasibility of utilising the spare capacity of the plants suitably at the Institute (I.V.R.I.) should be examined early.

[S. No. 135—Para 151 of App. III to Twentythird Report (3rd LOK SABHA)]

ACTION TAKEN

In a review of the working of the Biological Products Division of the Indian Veterinary Research Institute carried out at the suggestion of Audit in 1962, it was agreed that the Division could manufacture 20 million doses of various products, if the manufacture of all the products was increased proportionately. The above estimate was a rough one and it related to Commercial products only. During the year 1963-64, 21.6 million doses of sera and vaccines and 98.552 ml. of Antigen were produced at the Institute. This included about 19.2 million doses of sera and vaccines and 98.552 ml. of Antigen which have been declared as Commercial products. If the demand upto this capacity continues to be received from the States, Army authorities and others who use the biological products of the Institute at present, the plants would be run to the maximum capacity as stated above. It is, however, very important to note that the demand for biological products is not static and that the production of biologicals is essentially related to the demand forecasts from the

States and Army which in turn varies considerably depending on the incidence of animal diseases in various parts of the country. Another limiting factor is that the products have limited keeping quality and deteriorate with prolonged storage. Production at the Indian Veterinary Research Institute is, therefore, always planned with reference to prospective demands from the States etc. In the light of past experiences a reserve stock is always maintained to meet unforeseen emergencies.

Recommendation

The Committee note that although the price of biological products was to be fixed on a no-profit-no-loss basis, the price of various products has remained unchanged since 1939 although in the meanwhile the cost of production in some of the cases had been considerably reduced due to mechanisation of manufacturing processes and introduction of new methods of packing. Even the cost of production of various products had not been worked out properly and it was only in October, 1961, that the question was taken up with the Accountant General, U.P. Even thereafter, there had been some delay and although more than two years have since elapsed the revised system of costing has not yet been introduced. The Committee desire that the matter should be expedited and the prices of various products fixed taking into account the revised cost of production.

[S. No. 136—Para 152 of App. III to Twentythird Report (3rd LOK SABHA)]

ACTION TAKEN

Action taken on this matter was two-fold viz.

(i) revision of the Costing Manual and (ii) revision of the prices of biologicals produced at the Indian Veterinary Research Institute.

The earlier position relating to the revision of the Costing Manual, up-to the stage at which the Manual was forwarded to the Accountant General, U.P. was intimated to the Public Accounts Committee in this Department note No. F. 16-52/63-L, dated 27th April, 1964, forwarded to Lok Sabha Secretariat vide O.M. No. 1-12/63-Budget, dated 2-5-1964. The Manual was received back from the Accountant General, Uttar Pradesh through the Director of Commercial Audit on 4-8-1964. After making necessary modifications suggested by the latter in consultation with the Director, Indian Veterinary Research Institute, the Manual was referred to the Comptroller and Auditor General of India on 21-11-1964 for his approval. The Comptroller and Auditor General approved the Manual on 2-3-1965. The Costing

Manual has been approved by the Ministry of Finance in consultation with the Comptroller and Auditor General of India and orders for its adoption with effect from 1-4-1965 have been issued to the Director, Indian Veterinary Research Institute. The latter has confirmed that the Manual is being adopted.

With regard to the second point relating to the revision of prices of biologicals, the Cost Accounts Branch of the Ministry of Finance was requested on 16th March 1964 to depute an officer to the Indian Veterinary Research Institute, Izatnagar and Mukteswar to go into the working of the Biological Products Division of the Institute, in detail and to recommend suitable revised selling prices for all commercial as well as non-commercial products. The selling prices as recommended by them were adopted from 1st October 1964 *vide* this Department letter No. 15-1/64-L, dated 10th September 1964. These prices will be reviewed again after proforma accounts have been maintained for one year on the basis of the revised Costing Manual and the accounts audited.

Recommendation

The Committee were also surprised to learn during evidence that by convention, commercial accounts were kept for some products, whereas no such accounts were maintained for others. The representative of the Ministry agreed that this matter needed a more detailed examination and that the cost of production should be properly worked out for all the products.

The Committee need hardly emphasise the importance of maintaining proper cost accounts of various products to control their cost of production and for avoidance of waste. They trust that such accounts would be maintained for all the products in future.

[S. No. 137—Para 153 of App. III to Twentythird Report (3rd LOK SABHA)]

ACTION TAKEN

Only those biological products are declared as "commercial products" which have passed the experimental stage and which are supplied on a commercial scale to the State Government etc. for field use. The present position is that out of 34 products, 29 have been commercialised including two *w.e.f.* 1st April 1965. Two products have not passed the experimental stage. The other three are anti-rinderpest vaccines which are widely distributed all over the country under the scheme for eradication of rinderpest under the supervision of the Central Rinderpest Control Committee of the

Indian Council of Agricultural Research. Pool prices of these vaccines are fixed on the basis of the cost of production of the vaccine produced at Indian Veterinary Research Institute as well as at other centrally sponsored production centres. The products are then sold to the States on subsidised basis. As such, commercial accounts cannot be kept for these three vaccines.

Recommendation

The Committee have repeatedly emphasised the need for taking prompt disciplinary action against the delinquent officials, if it is to serve the desired purpose. They trust that this matter viz. the alleged misappropriation and fraud committed in years 1960-61 and 1961-62 would now receive immediate consideration and suitable action taken against the delinquent officials. The Committee would like to be informed of the outcome of the case, and also whether it had been possible to recover any part of the amount mis-appropriated (Rs. 24,039).

[S. No. 138—Para 154 of App. III to Twentythird Report (3rd LOK SABHA)]

ACTION TAKEN

A study of the report submitted by the Special Police Establishment showed that further preliminary investigation was necessary to see how far certain officers not mentioned therein could be held responsible for the misappropriation of Government funds. The investigations were carried out at Izatnagar by the Vigilance Officer. Formal disciplinary proceedings have been initiated against the delinquent officials of the Indian Veterinary Research Institute, Izatnagar and the statements of charges and allegations have been issued to them on 14th August, 1964. The relevant documents available with this Department have been inspected by the delinquent officials who have requested for inspection of certain additional documents as well to provide them with English translation of certain documents which are in regional languages. The matter is being processed. As the disciplinary proceedings have not yet been finalised, it has not been possible to recover the misappropriated amount in whole or part.

This has been vetted by the Audit.

Recommendation

The Committee regret to observe that the estimates of expenditure on research schemes were not framed realistically by the Indian Council of Agricultural Research. It is also unfortunate that the Min. of Agriculture did not examine the proposals carefully at the time of

deciding to finance the 21 research schemes from Govt. Funds. The Committee would like the Min. to make a more realistic appraisal of the funds available with the Council, before agreeing to sanction further grants to them.

[S. No. 19 (Para 20) of Appendix XII to 35th Report].

The Committee are constrained to observe that the Min. of Agri. erred not only at the initial stage in 1959 when they agreed to finance the 21 schemes but also continued to give grants to the I.C.A.R. year after year, without considering the financial position of the latter or even properly scrutinising the schemes, with the result that the Council did not spend the money but went on investing it in securities. The Committee, however, note that a decision has now been taken (though some-what belatedly), that the expenditure in respect of the research schemes will be met entirely from the research funds of the Council as long as the reserves are available and the Govt. grants will be used only for development schemes.

[S. No. 20 (Para 21) of Appendix XII to 35th Report].

ACTION TAKEN

The following decisions have been taken in this regard:

- (i) All Research Schemes for which provision was made in the Government Budget for 1965-66 as grants-in-aid to the ICAR will be financed during 1965-66 from the Cess Funds of the Council and that the Budget provision made in the Government Budget for this year will not be utilised.
- (ii) All Research Schemes for which provision has been made in the Government Budget for 1965-66 even as direct grants to the State Govts./Educational Institutions/Other Organisations etc. shall also be financed during 1965-66 from the Cess funds of the Council and that the Budget provision made in the Govt. Budget this year shall not be utilised.

Recommendation

The Committee need hardly emphasise the desirability of having a close liaison between the various Research Institutes dealing with common problems both from the point of view of achieving fruitful results and avoiding wasteful expenditure. They would like to be informed of the steps taken by the Ministry & the Indian Council of Agricultural Research in this direction.

[S. No. 21 (Para 22) of Appendix XII of the 35th Report (3rd Lok SABHA)]

ACTION TAKEN

This para deals with the desirability of having close liaison between the Research Institutes dealing with common problems both from the point of view of achieving fruitful results and avoiding wasteful expenditure. The Government of India have given serious thought to this problem. In fact, the purpose of appointing the Research Review Team was to find out the extent of the problem and to devise ways and means of overcoming it. As a result of the recommendations made by the Research Review Team, the Cabinet has recently taken a decision to reorganise the I.C.A.R. so as to make it a Central authority for developing and administering the national programme of research and for this purpose to bring under its control all research Institutes presently under the control of the Ministry of Food and Agriculture, including the Research Institutes under the Commodity Committees. Further, in order to give proper guidance and ensure coordination in matters of Agricultural research, a Cabinet Committee for agricultural Research is proposed to be set up under the chairmanship of the Minister for Food and Agriculture.

It is also proposed to set up a Central Board of Agriculture and Animal Husbandry consisting of State Ministers for Food and Agriculture in order that there may be consultations with States on various matters relating to agricultural research, education and development. The States have also been encouraged to set up Research Boards to coordinate Agricultural Research. The State Governments of Bihar, West Bengal, Madhya Pradesh, Madras, Maharashtra, Kerala, Mysore, Uttar Pradesh, Orissa, Assam, Rajasthan and Punjab have already set up the Research Boards/Committees. Replies from other States are awaited.

Recommendation

From the note furnished by the Min., the Committee find that 1123 utilisation certificates were outstanding upto 31st Dec. 1964, out of which 824 utilisation certificates were more than one year old. They feel that unless utilisation certificates are received in time, the I.C.A.R. will not be able to know whether money has been utilised for the purpose it was advanced. The Committee desire that in order to exercise effective control over the utilisation of grants, the Council should insist on obtaining utilisation certificates within a reasonable time. As the number of utilisation certificates is very

large the Committee feel that the Council should examine the reasons for these large outstandings and if considered necessary streamline the procedure of furnishing utilisation certificates.

[S. No. 22 (Para 23) of Appendix XII to 35th Report].

ACTION TAKEN

Vigorous efforts are being made to obtain the outstanding utilisation certificates from the Accountants General etc.

Grants for schemes, which were previously financed from grants received from the Govt. of India, were given to the State Govts. etc. subject to the condition that further grants in respect of those schemes would be stopped if the Audited Accounts were not received within a period of two years after the end of the financial year during which the grants had been made. It is now proposed to impose similar condition also in the case of all schemes financed from the Cess Funds of the Council. Due to this restriction the Audit and utilisation Certificates are expected to be received from the Accountants General etc. within the prescribed time limit.

Recommendation

The Committee regret to note that no proper methods of estimation were followed by the I.C.A.R. with the result that there were wide variations in their estimates and actual expenditure.

They trust that suitable remedial measures will be taken to avoid such wide variations in their estimates and actual expdr. in future.

[S. No. 23 (Para 24) of Appendix XII to 35th Report].

ACTION TAKEN

Only token provision is now made for new schemes in the Budget Estimates.

It may also be mentioned that during 1964-65 the variation has been of the order of 7.30 per cent only as will be observed from the figures given below.

(in lakhs of rupees)

Year	Budget Estimates	Actual expdr.	Saving	Percentage
1964-65	145.99	135.35	10.64	7.30

Recommendation

The Committee regret to observe that the I.C.A.R. took more than six years (even after the audit pointed it out) to take a final decision in the matter of preparing a Balance Sheet.

They trust that the Indian Council of Agricultural Research will now implement the decision without further delay.

[S. No. 24 (Para 25) of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The draft form in which the Balance Sheet is to be prepared has been vetted by the Audit. The Balance Sheet will now be prepared from the year 1965-66 onwards.

Recommendation

The Committee suggest that further efforts be made to recover the arrears on account of sale of publications and advertisements. Steps should also be taken to ensure that such arrears do not pile up in future.

[S. No. 25 (Para 26) of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

Vigorous efforts are being made to recover the arrears on account of the sale of publications and advertisement charges. All the parties concerned from whom amounts are due have been reminded. In the case of parties from whom bills of the amount of Rs. 40 and above are due, registered reminders have been sent. In the case of agents special D.O. reminders have been issued and wherever possible, the firms have been personally contacted.

As a result of the vigorous efforts made by us, the entire amount on account of arrears of advertisement charges which stood at Rs. 49,000 on 31-3-1963 have been recovered, except a sum of Rs. 1,292. In order to ensure that arrears on account of advertisements do not pile up in future, the position of outstanding amounts is being reviewed every quarter and it is proposed to suspend publication of advertisements of habitual defaulters till their overdue accounts are cleared.

Out of the arrears of sale of I.C.A.R. publications from Government and private parties amounting to Rs. 2.04 lakhs as on 31-3-1963, a sum of Rs. 69,200 has since been recovered leaving a balance of Rs. 1,34,800.

In order to minimise the accumulation of arrears and to avoid their piling up, it has been decided by the Governing Body of the Council in September, 1964, that if bills are outstanding against any official of the State Government/Union Territories etc., for more than six months, no further supplies of publications should be made to them on credit. The decision has been circulated to all the State Governments etc. *vide* letter No. F. 1 (12)/64-A.I.(D) dated the 1st December, 1964.

As regards arrears on account of sale of publications due from firms and private parties, it is proposed to restrict the practice of supplying publications on "Sale and Return" basis to only firms of repute and Govt. agencies. The position of arrears due from the book-sellers is being reviewed regularly and the credit facilities offered to those booksellers who fail to settle their accounts within a period of six months, will be with-drawn.

With the adoption of the above measures, it is expected that the position will improve considerably.

Recommendation

In the opinion of the Committee, the time taken in connection with execution of the items of work at the different Research Institutions under Indian Central Tobacco Committee was excessive, reasons for which need to be investigated further. They trust that the work will now be completed without further delay and the accounts settled early.

[S. No. 26 (Para 28) of Appendix XII to 35th Report 1964-65].

ACTION TAKEN

The Indian Central Tobacco Committee has been asked on 22-5-1965 to investigate the reasons for excessive delay in completion of the works and also to complete them without further delay as well as to settle the accounts in respect thereof at an early date. The action taken by the Secretary, Indian Central Tobacco Committee in the matter is awaited.

Recommendation

The Committee regret to note that due to bad planning, the hostel built at Rajahmundry at a small amount served purely as a regional institution rather than an all India Institution as intended. They are unable to appreciate the delay of more than two years in getting the preliminary drawing from C.P.W.D. They feel that the C.P.W.D. unduly delayed the furnishing of drawings and designs.

The Ministry of Works Housing may look into this case and take suitable measures to avoid such delays in future. The Committee desire that action taken in this regard may be intimated to them.

[S. No. 27 (Para 29) of Appendix XII to 35th Report 1964-65].

ACTION TAKEN

The Ministry of Works and Housing have been requested on 22-5-1965 to investigate the delay involved in the preparation of drawings and designs of the construction of Hostel at Rajahmundry and also to take suitable steps to avoid the recurrence of the same in future. They have further been requested to apprise this Ministry of the action taken by them in the matter so that the Public Accounts Committee could be informed accordingly. Their reply is awaited.

Recommendation

The Committee trust that more effective steps will be taken by the Central Coconut Committee to obtain audit certificates and grants-in-aid statements promptly. They would like to be informed about the progress made in the clearance of old cases.

[Sl. No. 28 (Para 30) of Appendix XII to 35th Report 1964-65.]

ACTION TAKEN

Audit Certificates covering Rs. 7.98 lakhs and grant-in-aid statements covering Rs. 7.08 lakhs were due till the end of November, 1963. Out of these Audit Certificates amounting to Rs. 3.57 lakhs and Grant-in-aid Statements amounting to Rs. 3.36 lakhs have been received till the end of May, 1965. The present arrear position (end of May, 1965) with regard to these Certificates is, therefore, Rs. 4.41 lakhs in respect of Audit Certificates and Rs. 3.72 lakhs in respect of Grant-in-aid Statements.

2. For obtaining Audit Certificates and Grant-in-aid Statements effective steps have been taken by the Indian Central Coconut Committee. The concerned Accountant-Generals and the Directors of Agriculture have been repeatedly reminded, also by demi-official reminders and telegrams, wherever necessary.

Audit observation

There is no avoidable delay in the respective Audit Offices for the issue of the Audit Certificates. The Committee and the concerned State Governments have to take suitable action to furnish necessary grant-in-aid Statements, accounts etc. and clear the arrears.

Recommendation

The Committee feel that in the circumstances explained the position should be examined and an early decision regarding conducting of further research on arecanut be taken.

The Committee would like to be informed of the decision reached.

[Sl. No. 29 (Para 31) of Appendix XII to 35th Report 1964-65.]

ACTION TAKEN

The problem of conducting research on arecanut had received the attention of the Government in the past. Although it was explained at the Public Accounts Committee meeting that arecanut was not an important commodity having any export value and that the money spent on it could better be spent on vegetable fats which were in short supply, yet it is felt that research on it could not be stopped altogether. It could be given a different shape by merging it with research on coconut. It has since been decided to abolish the Commodity Committees and the question of combining research on arecanut and coconut would now be examined in that context.

[No. 11(21)/65-Com. I, dt. 6-9-65.]

Recommendation

The Committee are surprised to learn that for full one year there was no Director in the Indian Lac Research Institute. They would like to know the efforts made by the authorities to secure the services of the Director during this period.

[Sl. No. 30 (Para 32) of Appendix XII to 35th Report 1964-65.]

ACTION TAKEN

The post of Director, Indian Lac Research Institute, Namkum fell vacant consequent upon Dr. Muthana's leaving the Institute on the 30th September, 1962. It was decided to fill up the post by a Scientist recommended by the Universities and Institutes rather than advertising the same. A.D.O. letter was sent by the Agricultural Commissioner on the 8th August, 1962 to the Director, Indian Standards Institution, Director, National Chemical Laboratory, Poona, Head of the Division of Chemistry, University of Delhi and the Director, Regional Research Laboratory, C.S.I.R. Hyderabad for suggesting suitable names. None except Head of the Division of Chemistry, Delhi University had any name to suggest. Failing to get a choice in the matter, it was decided to contact the C.S.I.R. and a few other Scientists again before advertising the post. Only

one Scientist showed his willingness to accept the post of Director, Indian Lac Research Institute, hence no choice could be exercised to select a suitable person. It was then decided to advertise the post on an All India basis. The qualifications for this post were prescribed and the post was advertised by the Secretary, I.L.C.C. in December, 1962. The last date for the receipt of applications was 7th February, 1963. Copies of the advertisement were also sent to various Universities, C.S.I.R., the High Commissioner for India in U.K. and the Consul General for India in U.S.A. The applications received in response to the advertisement were scrutinised and the advice of the Director, Indian Standards Institution, the then Chairman of the Advisory Board was sought with regard to the persons to be called for interview. The Special Selection Committee for interviewing these candidates was constituted and the Secretary, Indian Lac Cess Committee was asked to call the persons concerned for interview on the 27th May, 1963. The Special Selection Committee met on that date and selected 'X' for this post. It was pointed out at that meeting that it should be made clear to 'X' that in case he was offered the post, he would agree to continue in the appointment for at least 8-10 years. The Chairman, Advisory Board of the Indian Lac Cess Committee undertook to convey this informally to 'X' and to convey his reaction to the then Agricultural Commissioner to the Govt. of India. The Chairman, Advisory Board of the Indian Lac Cess Committee conveyed the agreement of 'X' on the 5th June, 1963. The appointment of 'X' was approved on the 26th June, 1963. His pay at Rs. 1300/- p.m. in the scale of pay of Rs. 1300-1600 was fixed on the 8th August, 1963 in consultation with the Ministry of Finance. The Secretary, Indian Lac Cess Committee offered the post of Director, Indian Lac Research Institute to 'X' on the 27th August, 1963. It was stipulated in the offer of appointment that 'X' would be on probation for a period of two years. 'X' however, requested for the reduction of the period of probation from two to one year. This was agreed to on the 10th October, 1963 and he was asked to join the post immediately. 'X' joined the post on the 21st November, 1963. It will thus be seen that there was no avoidable delay in filling up of the post of Director, Indian Lac Research Institute.

Audit Observation

The date given below would show that unduly long time was taken at several stages in making selection of the Director:—

- (i) The applications for the post were received by 7th February, 1963 while the candidates were asked to appear for interview on 27th May, 1963.

- (ii) The candidate selected was offered the post after another 3 months on 27th August, 1963 and
- (iii) The decision about the period of final probation was conveyed on 10th October, 1963.

Recommendation

During evidence, the witness stated that they intended to request the U.N. Special Fund for expansion of the Institute as it would be necessary to do more research on lac in combination with synthetics as lac by itself had lost its place in the world economy. The Committee may be apprised of the progress made in this direction.

[Sl. No. 31 (Para 33) of Appendix XII to 35th Report, 1964-65.]

ACTION TAKEN

Lac is a commodity of considerable economic importance to this country. Over 90% of the Indian Lac is exported. On an average, India earns foreign exchange to the extent of about Rs. 8 crores annually from lac. The Chief concern of lac development today is not production but the overall consumption. Research conducted at the Indian Lac Research Institute, Namkum over the last 38 years has yielded useful results but the facilities available at the Institute in the form of equipment, personnel and finances are not sufficient to tackle the challenging task of making lac a partner with synthetic resins and share in their progress and to realise the full potentialities of lac. For achieving the above objectives, the Institute was proposed to be strengthened. A proposal was accordingly worked out for strengthening and expansion of the Indian Lac Research Institute with the assistance from U.N. Special Fund.

The Indian Lac Research Institute is at present under the administrative control of the Indian Lac Cess Committee which do not have sufficient funds to strengthen the Institute and modernise its Laboratories. It was, therefore, considered that the Govt. of India would be in a better position to strengthen and expand the Institute if it is taken over by it. The U.N. Special Fund could also be approached after it has been converted into a Govt. Institution. It has since been decided to bring the Institutes previously administered by the Commodity Committees, including Indian Lac Research Institute, under the Indian Council of Agricultural Research. The question regarding strengthening and expansion of this Institute has, therefore, been kept pending till the Institute has been taken

over by the Indian Council of Agricultural Research. If necessary, the U.N. Special Fund would be approached for assistance after the Institute has been taken over by the Indian Council of Agricultural Research.

Recommendation

The Committee regret to note that no survey was made about the availability of raw materials before purchasing the bone digesters. The Administration (Govt. of Tripura) even failed to watch the working of the five digesters purchased at a cost of Rs. 14,765 in 1957 before placing order for the next five digesters, resulting in avoidable loss on the care and maintenance of the surplus digesters besides unnecessary locking up of funds.

The Committee desire that the surplus bone digesters should be disposed of expeditiously.

[S. No. 23 (para 26) of Appendix XVI to 26th Report.]

ACTION TAKEN

Out of the four surplus bone digesters, the Government of Tripura have disposed of three bone digester and are looking for suitable buyers in respect of the other surplus bone digester. As soon as a suitable buyer becomes available, it will also be disposed of.

Recommendation

Another point to which the Committee wish to draw attention is that a present there are a number of Research Institutes for various commodities under the Deptt. of Agriculture, viz., Indian Agricultural Research Institute, Central Rice Research Institute, Central Potato Research Institute, Central Arid Zone Research Institute, Soil Conservation Research and Demonstration Centres, Institute of Agricultural Research Statistics and Indian Grassland and Fodder Research Institutes, at the instance of the Committee, the Deptt. of Agriculture have furnished a note to the Committee stating the various researches carried out by these Institutes and how far these researches have helped in the development of agriculture. The Committee feel that instead of having multiplicity of Research Institutes, the Ministry should examine the feasibility of merging some of them in a single Institute with Research Stations spread over the various parts of the country, with a view to effecting economy in expenditure on establishment and securing better planning and coordination of research programmes.

[S. No. 5(ii) (Para 9) 25th Report, 3rd L.S.]

ACTION TAKEN

The Lok Sabha Sectt. may please refer to the note sent with this Deptt. O.M. No. 1-6/64-Budget dated 8th March, 1955. The last para of the note in question is reproduced below:—

* * * *

“After the re-organisation of the Central Coordinating and guiding agency in the field of agricultural research, the set up of the different Institutes would be reviewed with a view to re-organising or strengthening them on the lines indicated in the Report of the Public Accounts Committee.”

The position as stated above remains the same. However, initial steps for the re-organisation of the ICAR have been taken in hand only recently with the appointment of an Officer on Special Duty and the Director-General and V.P., I.C.A.R. As such it is only after the I.C.A.R. has been fully re-organised (which is likely to be completed by the end of Sept. '65) that the present set up of the various Research Institutes that would come under the administrative control of the re-organised Council, could be reviewed with a view to re-organising or strengthening them.

In this connection the Lok Sabha Sectt. may please refer to their O.M. No. 2/1/57/65/PAC dated 23rd June, 1965.

Recommendation

While the Committee note the steps taken by the Ministry to ensure that the licensee in North Andamans does its job strictly in accordance with the North Andamans Agreement of Licence, they observed that the arbitration proceedings in this case have not yet been finalised. They would reiterate their earlier recommendation that this should be expedited and the Committee informed of the results.

[Sl. No. 9 (Para 10) of Appendix II to 26th Report.]

ACTION TAKEN

The Lok Sabha Sectt. may please refer to the note sent with this Deptt. O.M. No. 1-10/64-Budget dated 23rd November, 1964. The last para of the note in question is reproduced below:—

“This being a legal matter, it is not possible to make any accurate forecast as to the time which will be required for the conclusion of the case. The Committee will be informed of the results in this case as soon as the award of Arbitrators become available.”

There is no change in the position. The present position is as follows:—

“The arbitration case between the Government and M/s. P. C. Ray & Co. (India) Pvt. Ltd., is still in progress and the arbitrators have yet to give their award.”

Recommendation

A case was reported in para 18 of the Audit Report 1954 wherein it was stated that the Agents appointed by the State Government for receiving, storing grains in the State had overdrawn large sums of money by giving in their favour.

[S. No. 21 of App. I to the 24th Report 1959-60].

Moreover, the system of payment of freight by the Agents was such as would have enabled them to draw refunds of over charges without the knowledge of Government. The amounts thus misappropriated by the Agents were not exactly worked out.

[S. No. 90 42nd Report Vol. II (2nd Lok Sabha).]

There were other irregularities and breaches of contract too. When the examination of the Department was taken up, the Secretary submitted that the case was already being tried in the court, and was subjudice. The Committee thereupon decided to postpone the discussion.

[S. No. 61 of App. II 12th Report (3rd Lok Sabha)].

FURTHER COMMENTS OF THE COMMITTEE (1961-62)

The Committee would await the final outcome of this case.

ACTION TAKEN

Para I.—Further to the information furnished in this Deptt. U.O. No. 14(2)63/BFCI, dated 20th November, 1964, the discrepancy of Rs. 0.94 lakh in the accounts has been investigated. The facts of the case are that, in one of the three cases of fraud, the amount of embezzlement by the Directors of the Syndicate shown in the First information report to the police was Rs. 1,23,162. This sum represented the amount collected on two days only i.e. on the 9th and the 10th March, 1962 by the Directors of the Syndicate but not deposited by them for credit to Government account. There was, however, another amount of Rs. 0.94 lakhs which was also collected by them later i.e. after the filing of the FIR and was not deposited

by them. This amount of Rs. 0·94 lakh has been included in the Government claim for recovery from the Syndicate. The total amount collected by the Directors of Delhi Grain Syndicate as sale proceeds foodgrains and not deposited by them was Rs. 17·73 lakhs which has been included in our total claim made against the Syndicate. Rs. 16·79 lakhs was the amount in respect of which F.I.R. was lodged with the Police against the Directors of the Syndicate.

Para III.—The question of filing a Civil suit against the Directors of the Syndicate is still under examination. A Comprehensive report from the Delhi Administration whether any property is owned by any of the late Directors of the Syndicate is awaited. They are being repeatedly reminded.

[Deptt. of Food U.O. No. 14(2)/63/BFC. I, dated 30th November, 1965].

Recommendation

While the Committee are glad to note that there had been improvement in the investigation of cases for transit and storage losses, they desire that arrears should be cleared early. Steps should also be taken to reduce the losses in storage and distribution to the minimum.

[S. No. 29(i), Para 32 of Appendix XVI to 20th Report (3rd Lok Sabha)].

ACTION TAKEN

Out of 14,185 items of transit losses and 1,096 items of storage losses pertaining to the period upto 31st March, 1962 reported as remaining to be investigated as on 5th November, 1963 at the last meeting of the Public Accounts Committee held on the 6th November, 1963, 12,922 items of transit losses and 816 items of storage losses have been disposed of leaving only 1,263 items of transit losses and 280 items of storage losses awaiting regularisation, on 15th May 1965. Steps have been taken to liquidate these also as early as possible.

2. The following steps have been taken to minimise the losses in storage as well as in transit in future:—

Storage Losses:

(i) The godowns, which have been or are being constructed, are rodent-proof as well as damp proof. Provision for proper ventilation is also being made in these godowns.

(ii) All the stocks of foodgrains are provided with dunnage (wooden or polythene) in order to avoid losses through ground dampness.

(iii) Research on insecticides and methods to use these in the most economical and effective manner, is being conducted since 8th December, 1958 at the Grain Storage Research and Training Institute, Hapur. The useful findings of such research are being implemented in our godowns.

(iv) Training in the scientific methods of preservation and storage of foodgrains is being imparted since 8th December, 1958 to our staff at Hapur Institute.

Transit losses:

While some transit losses are inevitable and are an inherent feature in any mode of transport, this Ministry have taken a number of steps to bring down the losses to the barest minimum. Some of the effective measures taken are (i) greater vigilance exercise in packing and handling of foodgrains and avoiding rough handling. (ii) tightening of security measures at the time of loading and unloading by appointment of tally clerks wherever possible for supervising the loading and unloading of foodgrains so that clear R/Rs and shortage/damage certificates are granted by the Railways, (iii) private seals of the Department of Food are being put since 5th February, 1963 on wagons loaded in Bombay for certain major depots with a view to facilitating fixation of responsibility for shortlanding, if any.

In a large number of cases, the transit losses are merely the result of using different modes of weighment at the forwarding and receiving ends. These losses, therefore, are only 'notional' losses. The weights recorded on the weighbridges of the Ports and those recorded at the godowns are by different methods and on different scales. So long as machines are different or different modes of weighment are adopted variations in weights are bound to occur. In order to avoid the difference in weights it has been decided to instal lorry weighbridges, at our major depots. In the case of railway wagon weighbridges, it is difficult to make each wagon stationary for weighment because of operational difficulties and that is why the weighment on railway weighbridges is not accurate. Lorries are made stationary on lorry weighbridge and then weighed. Weighments at both ends, are however, necessary to rule out the possibility of pilferage or loss due to any default or negligence on the part of the transport contractors or the Railways. These also form the basis for the initial records of clearance from ports and Storage Depots and cannot be dispensed with.

It may be added that in some cases there are transit and storage gains also e.g. during the year 1962-63, there were 2,695 tonnes of transit gains and 5,333 tonnes of storage gains. These gains, however, according to the rules are not set off against losses but are taken as a receipt. If these gains are taken into account, the percentage of losses would come down considerably.

[Ministry of Food and Agri. (Department of Food) U.O. No. 23/64-65/BFC.-I/20th Report dated 10th June, 1965.]

Recommendation

The Committee view with concern the large number of claims for transit losses pending settlement with the shipping Companies (total amount pending as on 31-3-1963 Rs. 37.33 lakhs) and the Railway (total amount pending on 31-3-1963 over 32 lakhs). They desire that efforts should be made for early settlement of these claims.

[S. No. 30 (para 32(ii) of Appendix XVI to 20th Report (Third Lok Sabha) reproduced on page 213 of the 40th Report (Third Lok Sabha)].

ACTION TAKEN

A note on the para in question was furnished to the Lok Sabha Secretariat under this Department U.O. No. 23/64-65/BFC.-I., dated 14th August, 1964 wherein it was stated that (i) a note in respect of settlement, of pending claims with the Shipping Companies would be sent separately and (ii) necessary steps were being taken to settle the remaining pending cases with the Railways and that the result thereof would be intimated in due course.

The latest position is as under:—

- (i) The note in respect of settlement of pending claims with the Shipping Companies referred to in para 1 of the above said U.O. was sent to the Lok Sabha Secretariat vide this Ministry's U.O. No. 23/64-65/BFC-I/20th Report, dated 21st April, 1965.
- (ii) Regarding the pending claims with the Railways, the position is that out of 3,287 pending claims as on 31st March, 1964, 1,363 claims amounting to Rs. 8.44 lakhs have been settled during the period from 1st April, 1964 to 31st March, 1965. Thus out of a total of 6,257 pending claims.

amounting to Rs. 33·23 lakhs as on 31st March 1963 pertaining to the years upto 1962, mentioned in this Department U.O. note, dated 14th August 1964 referred to above, 4,333 claims amounting to Rs. 20·25 lakhs have been settled during the period from 1st April 1963 to 31st March 1965. Efforts are being continued to be made to settle the remaining cases with the Railways.

[Deptt. of Food U.O. No. 23/64-65/BFC-I/20th Report dated 8th July 1965].

Recommendation

(i) *The Committee are surprised to learn that the contract for transportation of foodgrains should have been awarded to a contractor who was only a wine merchant. The Committee are of the view that the matter requires a thorough investigation with the object of fixing responsibility.*

[S. No. 33 (Para 35) of Appendix XVI to 20th Report—Third Lok Sabha].

(ii) *The Committee are not happy over the manner in which the Administration has acted in this case. In their opinion as soon as the unsatisfactory performance of the original contractor came to the notice of the Administration, steps should have been taken to appoint another contractor for the clearance of the stocks. This would have prevented the accumulation of heavy stocks in transit sheds which were not fully protected against rains or pilferage and consequential loss (5000 mds.) to the Administrations.*

[S. No. 34 (Para 36) of Appendix XVI to 20th Report—Third Lok Sabha].

ACTION TAKEN

(i) The matter was taken up with the Tripura Government to fix responsibility for the issue of an incorrect certificate about the previous experience of the contractor in transport work in this case. The facts, as far as this aspect of the case is concerned, are that the Sub-Divisional Officer testified only to the financial soundness of the party. In this certificate, he did not say anything about his experience in the transport line. Unfortunately, however, it was by the D.M. and Collector Tripura office that incorrect information regarding the previous experience of the contractor was given apparently through oversight. The Tripura Administration has thoroughly investigated the matter. After consideration of the

explanation of the officer who gave the incorrect information in the D.M. and Collector's office and the surrounding circumstances, the Tripura Administration felt that the officer should be administered a warning. Hence, he has been warned to be more careful in future.

(ii) It will not be quite correct to say that no efforts were made by the Government to replace the contractor at the earliest opportunity. In those days the transport system in Tripura had not developed. Transport contractors with experience were very few. Due to paucity of experienced contractors, even replacement was a problem. In fact, Government's attempts to get additional contractors when it came to their notice that the contractor could not cope with the work at the rate awarded to him, produced no results and thereafter additional contractors had to be employed at higher rates. There was thus no relaxation of efforts on the part of Government to appoint a new contractor immediately after it came to their notice that the existing contractor was not doing his job properly and satisfactorily.

[Deptt. of Food U.O. No. 23/64-65/BFC-I/20th Report dated 3rd December 1965].

Recommendation

Keeping in view the general shortage of foodgrains in the country, the Committee would like the Ministry to take special steps to minimize losses in transit and storage of foodgrains.

[S. No. 32 (Para 34(c) of Appendix XII) to 35th Report—Third Lok Sabha].

ACTION TAKEN

The steps taken to minimize the losses in transit and in storage are given below:—

A. Transit Losses:

- (i) Greater vigilance in packing and handling of foodgrains and avoiding rough handling.
- (ii) Tightening of security measures at the time of loading and unloading of foodgrains by appointment of tally clerks, wherever possible, for supervising the loading and unloading so that the Railways grant clear R/Rs. and shortage/damage certificates.
- (iii) Private seals of the Department of Food are being used since 5th February 1963 in sealing the rail wagons loaded

in Bombay for despatch to certain major depots with a view to facilitating fixation of responsibility for shortage en-route, if any.

In this connection, it may be mentioned that the transit losses are in a large number of cases due to the difference in modes of weighing at the despatching and the receiving ends as also for the non-provision of dunnage in railway wagons. A sizable portion of such losses is, therefore, only 'notional' and not 'real'. Claims are always preferred against railways wherever they are tenable under the rules and in the case of road transport the responsibility of the Transport Contractors for losses is always determined according to the departmental instructions.

B. Storage Losses:

- (i) The godowns being constructed are made rodent as well as damp proof. Provision for proper ventilation is also made in the godowns.
- (ii) All the stocks of foodgrains are provided with dunnage (wooden or polythene) in order to avoid losses through ground dampness.
- (iii) The foodgrains are given insecticide treatment whenever found necessary.
- (iv) Research on insecticides and methods to use these in the most effective manner is being conducted at the Grain Storage and Research Institute, Hapur. The results of research are being extensively employed in the godowns.
- (v) Training in the scientific method of preservation and storage of foodgrains is being regularly imparted to our staff in the Institute at Hapur.

[Ministry of Food and Agri., (Deptt. of Food) U.O. No. 23/65-66/BFCI/35th Report dated 2nd August 1965].

Recommendation

The Committee are surprised to note that the total loss incurred in the distribution of foodgrains as shown in the proforma accounts was being treated as subsidy. In their view it is misleading, does not give a true picture and might even cover up administrative

deficiencies as it does not show as to how much is the actual subsidy and what are the losses incurred in transit, storage and distribution of foodgrains. They, therefore, desire that in future to make it more specific and clear, the Ministry should show separately in the Proforma accounts amount of subsidy and the losses in distribution etc.

[S. No. 32 (Para 34(ii)) of Appendix XII to the 35th Report].

ACTION TAKEN

Under the scheme of State trading of foodgrains Government imports foodgrains from various countries as well as procure them indigenously at rates varying from country to country and quality to quality. The economic prices of the foodgrains are worked out by pooling together the foodgrains of the same kind purchased from various sources and by adding to the purchase price the element on account of incidental expenses to cover cost of gunnies, clearance at ports, handling at depots, inland freight, rent of godowns, cost of establishment, interest on capital, transit and storage losses etc. The issue prices of wheat and rice prevalent during the year 1962-63 were fixed by the Government of India at rates much lower than the economic prices with the dual objective of stabilising the prices of foodgrains at suitable levels and affording relief to the vulnerable sections of the population. The difference between the economic prices and the issue prices of foodgrains is the subsidy borne by the Government of India.

In the proforma accounts, the expenditure on purchases as also incidental charges is shown on the basis of booked accounts figures. The value of sales and the closing stocks are worked out on the basis of the issue prices fixed for various kinds of foodgrains. The excess of total expenditure over the total receipts is the loss which the Government of India have to suffer in the scheme and this is the amount of subsidy borne by the Government of India. The losses in distribution viz., storage and transit losses which occur in the operation of the scheme are no doubt included in the figure of subsidy as there are taken into account in working out the economic cost of the foodgrains. Quantities of foodgrains lost in transit and storage are indicated in the proforma accounts separately. In future their value will also be indicated clearly in the proforma accounts.

[Ministry of Food and Agri., (Department of Food) U.O. No. 23/65-66/35th Report dated 5th July 1965].

Recommendation

The committee find that in the Eastern Region in about 160 cases, an amount of Rs. 20,512 is to be recovered from the transport contractor and in the Western Region Rs. 13,846 is to be recovered from some contractors. They trust that early steps will be taken to effect recoveries in these cases.

[S. No. 33 (Para 35) of Appendix XII to 35th Report—Third Lok Sabha].

ACTION TAKEN

The latest position in regard to the recoveries to be effected from the transport contractors in respect of road transit losses in the Eastern and Western Regions for the year 1962-63 is as under:—

Eastern Region.—The amount of Rs. 20,512 towards the road transit losses during the year 1962-63 relating to the Eastern Region shown in the statement forwarded to the Lok Sabha Secretariat under No. 22/77/63-BFC. VIII, dated 24th February 1965 is to be recovered from an ex-transport contractor. All the disputes with the ex-contractor have been referred to an Arbitrator on 24th August 1964. The recovery of transit losses suffered by Government during the contract period involved is also one of the issues for arbitration. Since large assets of the contractor are in Government's hands, necessary recovery in regard to road transit losses will be effected in case the Arbitrator's findings are favourable to Government.

Western Region.—In 44 cases of Road Transit losses during 1962-63, an amount of Rs. 13,894·24 p. was to be recovered from a number of transport contractors. Out of the above amount, a sum of Rs. 1,642·51 p. has since been recovered. The recovery of the balance amount of Rs. 12,251·73 p. has been disputed by the contractors and the matter has been referred to Arbitration on 4th September 1964 in respect of only one contractor from whom a recovery of Rs. 3175·17 p. has already been made. Action to recover the amount in question will be taken in case the arbitrator's findings are favourable to Government.

[Ministry of Food and Agriculture (Department of Food) U.O. No. 23/65-66/BFC-I/35th Report dated 27th July, 1965.]

Recommendation

The witness promised to furnish the information regarding procurement price for rice, price at which payment was made to State Government and the resultant loss which is still awaited.

[Sl. No. 34 of (Para 36) Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

13 statements containing the details of price paid to the various State Governments for different varieties of rice/paddy taken over from them as a result of decontrol in 1954 are sent herewith. The statements also show the procurement prices in each case except for a few items for which their prices are not readily available.

The prices at which these stocks of rice were sold were communicated to the Lok Sabha Secretariat *vide* this Department Memo No. 23/58-BFC.I. dated 8th October 1959 in pursuance of discussions held by the Public Accounts Committee on 28th January, 1959. The total loss incurred by the Government in the sale of this rice was Rs. 9.89 crores.

[Deptt. of Food U.O. No. 23/65-66/BFC.I/35th Report dated 28th July/2nd August, 1965.]

NO. I — KERALA

Statement showing the prices paid to the Govt. of Kerala for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement prices thereof—

Quality of rice/paddy	Price per maund paid (net weight bagged).			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Burma rice	19	7	0	18	8	0
MADHYA PRADESH RICE—				(Procurement price in the State of origin of rice)		
Boiled rice	16	7	2	12	12	3
				(F.O.R.)		

Quality of rice/paddy	Price per maund paid (net weight bagged)			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Raw rice	16	3	2	13	8	3 (F.O.R.)
ORISSA RICE—						
Superfine (despatched to Travancore Cochin State prior to 7th April, 54).	21	11	0	18	1	0
Superfine (despatched to Travancore Cochin State on and after 7th April, 54)	20	15	0	17	13	0
Fine	18	2	0	14	8	0
Common	17	4	6	13	10	6
ANDHRA RICE—						
Boiled Sort I	18	15	6	16	4	9
Boiled Sort II	18	4	0	15	9	3
Raw Sort I	18	13	6	16	2	9
Raw Sort II	18	2	0	15	7	3
PUNJAB RICE—						
Sela Joshi	21	3	5	16	6	0
Dara	20	15	5	16	2	0
Mysore Rice	21	6	4	19	5	6
Coorg Rice	19	2	0	16	0	0
MADRAS RICE—						
Boiled Sort II	18	10	0	17	0	1
Raw (Sort II)	18	8	0	16	14	1

NO. 2—ORISSA

Statement showing the prices paid to the Government of Orissa for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement prices thereof.

Quality of rice/paddy,	Price per maund paid			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
<i>Rate per md. (net) F.O.R. for des patches upto 7-4-1954.</i>						
RICE						
Superfine	18	1	0	15	9	0
Fine	14	12	0	12	4	0
Common	13	14	6	11	6	6
<i>Rate per md. (net) F.O.R. for despatches after 7-4-1954</i>						
Superfine	17	13	0	15	5	0
Fine	14	8	0	12	0	0
Common	13	10	0	11	2	6
PADDY						
<i>Rate per md. (net) F.O.R. for despatches upto 7-4-1954</i>						
Superfine	11	0	3	8	13	0
Fine	9	4	3	7	1	0
Common	8	11	3	6	8	0
<i>Rate per md. (net) F.O.R. for despatches after 7-4-1954</i>						
Superfine	10	12	3	8	9	0
Fine	9	0	3	6	13	0
Common	8	7	3	6	4	0

No. 3—PUNJAB

Statement showing the prices paid to the Government of Punjab for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement price thereof.

Quality of rice/paddy	Price per maund paid (Net Weight)			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Santhi Rice	14	14	0	14	14	0
Dara Rice	16	2	0	16	2	0
Except from Hissar, Sirsa and Ding for which the rate is Rs. 18/- per maund.				plus incidental		
Begmi Rice	17	13	0	17	13	0
Sela Rice	16	6	0	(Ex. Mill price) 16 6 0		
Mongra Rice	15	14	0	(Ex. Mill price) 15 14 0		

No. 4—MADRAS

Statement showing the prices paid to the Government of Madras for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement prices thereof.

Quality of rice/paddy	Price per maund paid Ex. Godown			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
RICE						
Sort I	20	5	4	18	8	10
Sort II	15	15	7	14	3	1
PADDY						
Sort I	14	8	6	13	3	6
Sort II	11	5	6	10	0	6

No. 5—HYDERABAD

Statement showing the prices paid to the Government of Hyderabad for stocks of rice/paddy taken over by the Centre on decontrol of rice in 1954 and procurement price thereof.

Quality of rice/paddy	Price per maund paid			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
RICE:						
(1) Fine	17	2	6	15	2	6
(2) Coarse (A)	15	11	3	13	11	3
PADDY						
Fine/Medium	12	1	9	10	1	9
Coarse	11	1	9	9	1	9

No. 6—PEPSU

Statement showing the price paid to the Government of PEPSU for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and procurement price thereof.

Quality of rice/paddy	Price per maund paid			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
RICE						
Dara	18	10	10	16	12	0

No. 7—ANDHRA PRADESH

Statement showing the prices paid to the Govt. of Andhra Pradesh for stocks of rice/paddy taken over by the Centre on decontrol of rice in 1954 and the procurement price thereof.

Quality of rice/paddy taken over	Price per maund bulk grain paid			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Raw I except from Nellore District	16	2	9	15	4	9
Raw I from Nellore District	16	10	0	15	12	0
Raw II All Districts	15	7	3	14	9	3
Boiled I All Districts	16	4	9	15	6	9
Boiled II All Districts	15	9	3	14	11	3

No. 8—UTTAR PRADESH

Statement showing the prices paid to the Government of Uttar Pradesh for stocks of rice/paddy taken over by the Centre on decontrol of rice in 1954 and the procurement price thereof.

Quality of rice/ paddy taken over	Price per md. paid			Procurement price		
(1)	(2)			(3)		
RICE						
Crop year and grade of rice	Rate per md. net weight ex-go- downs delivery including cost of bags.			Rate per md. (net wt.) F.O.R. despatching station in- cluding cost of bags.		
	Rs.	As.	Ps.	Rs.	As.	Ps.
1951-52						
IA (FAQ)	34	8	5	34	9	11
IB	33	8	5	33	9	11
IIA(FAQ)	26	9	10	26	11	4
IIB	25	13	10	25	15	4
II A (FAQ)	23	11	2	23	12	8
III B	23	3	2	23	4	8
IV A (FAQ)	19	11	2	19	12	8
1952-53						
IA (FAQ)	32	8	5	23	9	11
IB	31	8	5	31	9	11
IIA(PQ)	25	5	10	25	7	4
IIA(FAQ)	24	9	10	24	11	4
IIB	23	13	10	23	15	4
III A(FAQ)	21	11	2	21	12	8
IIIB	21	3	8	21	4	8
1953-54						
IA (PQ)	31	8	5	31	9	11
IA (FAQ)	30	8	5	30	9	11
IB	29	8	5	29	9	11
IIA(PQ)	23	5	10	23	7	4
IIA(FAQ)	22	9	10	22	11	4
IIIA(PQ)	21	3	2	21	4	8
IIIA (FAQ)	20	11	2	20	12	8
IIIB	20	3	2	20	4	8
IIV A(FAQ)	17	11	2	17	12	8
IIB	21	13	10	21	15	4

NO. 9—MYSORE

Statement showing the prices paid to the Govt. of Mysore for stocks of rice/paddy taken over by the Centre on decontrol of rice in 1954 and the procurement price thereof.

Quality of rice/ paddy taken over	Price per maund paid			Procurement Price					
	Rs.	As.	Ps.	Rs.	As.	Ps.			
RICE									
I. Sort .	16	10	7	(Unpolished)			14	12	0
	17	11	2	(Polished)			15	12	7
II. Sort.	14	12	1	(Unpolished)			13	14	0
	15	10	8	(Polished)			14	12	7
II. Sort (Red)	13	3	9	(Unpolished)			12	6	10
	14	0	8	(Polished)			13	3	9

NO. 10—WEST BENGAL

Statement showing the price paid to the Govt. of West Bengal for stocks of rice/paddy taken over by the Centre on decontrol of rice in 1954 and the procurement price thereof.

Quality of rice/paddy taken over	Price per maund paid			Procurement price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
RICE						
U.P. Superfine (B II)	30	0	0	28	0	0
U.P. Fine—AII (FAQ)	26	14	0	21	14	0
U.P. Fine—AII (PQ)	27	10	0	22	0	0
PADDY						
Bengal Common	11	0	1	8	8	0
Bengal fine	13	10	0	11	0	0
Orissa Superfine	13	8	7	11	0	8
Orissa fine	11	12	4	9	4	3
Orissa common	10	15	4	8	7	3

NO. II—BOMBAY

Statement showing the price paid to the Government of Bombay for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement price thereof.

Quality of rice/ paddy	Price per maund paid				Price charged to Bombay		
	Rs.	As.	Ps.		Rs.	As.	Ps.
Imported 'Fine' Rice	28	5	0	} plus 6% over- head charges.	28	5	0
Imported 'Coarse' Rice.	24	0	0		24	0	0
Imported 'Fine' Rice	30	9	7		28	5	0
Imported 'Fine' Rice	30	13	7		28	5	0
					<i>Procurement Price</i>		
Sela Basmati Special II	24	14	2		22	10	0
Sela Permal Special II	22	9	11		20	6	0
M.P. Medium	18	5	3	} Not readily available.			
M.P. Coarse B	19	10	0				
U.P. A Grade	23	9	2				
Hyderabad 'B' Mota	30	8	0				
Orissa & M.P. Course	30	8	0				
M.P. LPCI	30	14	10		30	8	0
U.P. IV B	17	9	2		14	8	0
Burma Medium	17	14	0		17	14	0
	plus 6% on account of overhead charges.						

No. 12—MADHYA PRADESH

Statement showing the prices paid to the Government of Madhya Pradesh for stocks of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement prices thereof.

Quality of rice/paddy	Price per md. paid (For deli- very in bags in the same godowns in which they are originally stored)			Procurement Price		
	Rs.	As.	Ps.	Rs.	As.	Ps.
RICE						
<i>For procurement Area.</i>						
Coarse II	12	9	5	11	1	2
Coarse I	13	6	5	11	14	2
Medium II	14	2	5	12	10	2
Medium I	15	1	5	13	9	2
Fine II	17	6	5	15	14	2
Fine I	18	13	5	17	5	2
Parboiled C-II'	11	14	5	10	6	2
Parboiled C-I	13	10	5	12	2	2
Parboiled (Medium)	14	3	5	12	11	2
<i>For Consuming Areas (Except Baster)</i>						
Coarse II	13	6	7	11	1	2
Coarse I	14	3	7	11	14	2
Medium II	14	15	7	12	10	2
Medium I	15	14	7	13	9	2
Fine II	18	3	7	15	14	2
Fine I	19	10	7	17	5	2
Parboiled (C-II)	12	11	7	10	6	2
Parboiled (C-I)	14	7	7	12	2	2
Parboiled (Medium)	15	0	7	12	11	2

No. 13—ASSAM

Statement showing the prices paid to the Government of Assam for stock of rice/paddy taken over by the Centre on decontrol in 1954 and the procurement price thereof.

Quality of rice/paddy	Price per maund paid	Procurement price
RICE		
	Rs. As. Ps.	Rs. As. Ps.
<i>Quantity of rice despatched by State Government to Siliguri for export Tibet.</i>		
ZONE I	18 3 0	17 2 0
ZONE II	18 12 0	17 10 0
ZONE III	19 7 0	18 5 0
<i>Rice disposed of by Assam Government on behalf of the Central Government</i>		
ZONE I	19 0 0	17 2 0
ZONE II	19 9 0	17 10 0
ZONE III	20 4 0	18 5 0
PADDY		
<i>Paddy disposed of by the Assam Government on behalf of the Government of India</i>		
ZONE I	11 6 0	9 12 0
ZONE II	11 10 0	10 0 0
ZONE III	12 1 0	10 7 0

Recommendation

The Committee feel that the physical verification should be entrusted to persons who do not function under the administrative control of the authority in charge of the stock. They suggested that the Government might examine the desirability of getting physical stock verification done under the supervision of the Chief Pay and Accounts Officer instead of Regional Director who happens to be in over-all charge of the stocks.

[S. No. 36 (Para 38) of Appendix XII to 35th Report (Third Lok Sabha).]

ACTION TAKEN

The abovesaid suggestion made by the Public Accounts Committee has been examined in the Ministry. The Chief Pay and Accounts Officer who was consulted has no objection to take over the work of physical verification of the Central Storage Depots, but with the establishment of the Food Corporation of India with effect from 1-1-1965 the position has changed. The Central Storage Depots in the Southern Region were taken over by the Food Corporation of India with effect from 1-4-1965 and it is expected that the control of the Central Storage Depots in the other Regions as well will also be taken over by the Food Corporation not before long. In view of this, it is not considered necessary to effect any change in the present system of physical verification of Central Storage Depots.

[Ministry of F. & A. (Department of Food) U.O. No. 23/65-66/BFC.I/35th Report dated the 6th July, 1965.]

Recommendation

The Committee are constrained to observe that the damage to the foodgrains was substantially heavy during the years 1961-62 and 1962-63. In the year 1961-62 particularly, 8016.45 M. Tons were rendered unfit for human consumption and the net loss to the extent of about 43 lakhs was suffered on this account alone. It has been stated that the losses were not due to negligence of the officials and were due to unprecedented floods at certain places. The loss due to ship damage, damage in rail/road transit etc. were also quite substantial during the year 1960-61 to 1963-64.

The Committee feel that the circumstances in which such large quantities of foodgrains were damaged both in storage and transit should be further enquired into and suitable measures adopted to ensure that such losses do not occur in future.

[S. No. 37 (Para 39) of Appendix XII to 35th Report (3rd Lok Sabha)]

ACTION TAKEN

The break-up of quantities of foodgrains rendered unfit for human consumption in storage during 1961-62 and 1962-63 in the various regions is given below:—

(Figures in M. Tons)

Region	1961-62	1962-63
Eastern	1018.00	286.00
Southern	15.72	993.14
Northern	526.52	108.43
Western	6459.23	102.83
	*8019.43	†1490.40

*This is 0.2% of the total quantity handled in storage.

†This is 0.03% of the total quantity handled in storage.

The causes of damage to foodgrains during these years were as under:—

1. There was heavy damage to foodgrains in 1961-62 in Western Region, where, out of a total quantity of 6459.23 tonnes rendered unfit, a quantity of 6387 tonnes was damaged because of the devastating floods in Poona city as a result of breach in the Panshet Dam. This was a natural calamity which could be neither foreseen nor guarded against.

2. Almost the entire quantity of 526.52 tonnes in the Northern Region was rendered unfit because of unprecedented floods in Muzaffarnagar and Meerut districts when the foodgrains stored in underground 'khattis' were damaged.

3. During 1962-63, out of 993.14 tonnes of foodgrains shown as rendered unfit for human consumption in Southern Region, a quantity of 973 tonnes was damaged due to unprecedented floods at Vizag which even the State authorities and Meteorological officials could not anticipate. The floods were caused due to heavy rains and resultant breaches in the tank bund.

4. The main cause for damage other than floods, was the storage of foodgrains in hired godowns which had to be acquired for want of Government accommodation, during the period of heavy imports. The damage occurred in these godowns because of leakage of rain water during heavy rains through the roofs or because of overflowing of the valley-gutters and underground drainage, in spite of taking all necessary precautions.

5. With regard to the quantities of foodgrains rendered unfit for human consumption on the high seas, it may be stated that the damage in ships takes place mainly when they encounter rough weather enroute. In a few cases accidents may be the cause. Ship owners' measure of liability for damage is governed by the terms on which the cargo is carried and also by the circumstances under which the damage takes place as well as on the extent to which satisfactory evidence is produced to prove that the damage was due to a particular factor. Ship damage claims are examined from this angle and only such claims are abandoned as are legally not tenable. That damage caused due to 'Perils of the sea' is not the responsibility of the vessel owners, is a well settled proposition of Maritime Law and some damage on this account is inevitable in a huge programme of imports that we have.

6. The steps that are being taken by this Department to minimise the chances of damage to foodgrains stored in godowns due to causes other than floods, are, release of unsuitable hired storage accommodation taken during emergency due to paucity of ideal storage accommodation and stepping-up of construction programme for the modern godowns which have a high plinth, damp-proof floor, strong roofing and are maintained in proper condition by way of checks made by the C.P.W.D. in keeping the drains and valley-gutters clean to avoid over-flowing of rain water during heavy down-pours.

7. The losses which occurred as a result of damage shown herein were the losses "incurred" and not "written Off".

[Deptt. of Food U.O. No. 23/65-66/BFCI/35th Report dt. 6-11-1965].

Recommendation

The Committee desire that steps should be taken to settle the remaining outstanding claims regarding shortage in transit at an early date.

[Sl. No. 38 (Para 40) of Appendix XII to 35th Report (Third Lok Sabha).]

ACTION TAKEN

The revised number of claims upto 31-12-62 still pending, as on 31-12-63 was 3139 cases involving Rs. 19.84 lakhs. Of these, 1839 claims involving an amount of Rs. 11.11 lakhs have since been settled upto 31st March, 1965. A statement showing the yearwise position of the outstanding claims is enclosed. The information as to the number of claims with the amount involved, in which settlement was effected by recovery and those in which claims were withdrawn is being compiled and a further communication will follow.

Energetic steps are being taken to settle the remaining pending cases also with the Railways.

[Deptt. of Food U.O. No. 23/65/BFCI/35th Report dated the 3rd Aug., 1965].

Statement showing the position of claims up to 1962 outstanding as on 31-3-1965

Year	Position as on 31-3-1965	
	No.	Amount (In lakhs)
Upto		
1958	284	1.88
1959	137	2.13
1960	180	1.53
1961	311	0.94
1962	368	2.25
	*1280	8.73

*This includes 31 cases involving an amount of Rs. 3.66 lakhs in respect of missing wagons and 902 cases involving an amount of Rs. 2.91 lakhs in respect of claims for shortages of complete bags.

Recommendation

The Committee do not see any reason why the Regional Directors of Food did not consider it necessary to negotiate with the contractor with a view to seeking a reduction in the abnormally high rate quoted by him before conveying their acceptance to the tender despite clear instructions from the Department of Food to do so. Alternatively all the tenders could be rejected and fresh tenders called at short notice. Subsequently also the Department failed to avail of the opportunity and did not accept the revised rates offered by the contractor. As admitted during evidence on the basis of the assumed traffic, there would have been saving of Rs. 16,000/-. In the absence of any concrete facts and developments disproving the assumption about traffic, there appeared to be no reason for not accepting the offer of the contractor. The Committee regret to observe that due to lack of vigilance the judgment of the Department was based on wrong assumption of traffic pattern and this resulted in an avoidable expenditure of Rs. 91,768 during the period 1st February, 1960 to 31st January, 1962 and of Rs. 70,644 during the extended period up to 28th February, 1963. The Committee suggest that the Government might examine if there was any apparent lapse in not calculating the traffic pattern of foodgrains accurately.

The Committee regret to observe that in this case of transport and handling of foodgrains one error was committed after another. Initially the Department agreed to a contract on the basis of assumption of a traffic pattern which proved to be wrong. Subsequently when the term of contract was due to expire on 31st January, 1962 the same was extended by another year without ascertaining whether the contract was going in favour of Government or contractor. The Committee view this lapse seriously as it resulted in further avoidable extra expenditure to Government. The Committee desire that this case should be thoroughly investigated with a view to fixing responsibility for the various lapses.

[S. Nos. 39 and 40 (Paras 41 and 42) of Appendix XII to 35th Report
 (Third Lok Sabha)].

ACTION TAKEN

The case has been thoroughly investigated by the Ministry. It may be mentioned that the pattern of work for calculating the value of the contract in this case was based on actuals of the past one year before award of the contract. So far as the action of the Regional Director (Food), Madras is concerned, the facts are that the Regional

Director (Food), Madras had reported to the Ministry in December, 1959 that the weightment rates quoted by the contractor (the lowest tenderer) were abnormal. The Ministry, in turn, while communicating acceptance of the tender advised the Regional Director (Food), Madras to negotiate for a reduction in the weightment rates. The Regional Director (Food), Madras actually held negotiations with the contractor after the issue of the letter accepting the tender and did succeed in obtaining a reduction in the weightment rates. He had, in fact, asked the contractor to come for negotiations even before the issue of this letter. However, the contractor, asked for an increase in the transport rates as a condition precedent to the acceptance at a lower rate of weightment. The two propositions of reductions in one and increase in another were thoroughly examined and only thereafter a deliberate decision was taken considering all the circumstances that the tender should be accepted as a whole in the form it was given.

It has not been found possible to fix responsibility on any of the officers of this Department because the cause of loss which may be held to have occurred in this case was really the procedure for evaluation of tenders and award of contracts being followed at that time. Since then the entire procedure has been revised and it is no longer possible for the tenderers to quote irrational rates for particular services and there is also no scope for error in evaluating the tenders received and determining which of the tenders is the lowest. Under the revised procedure, in the tender enquiry itself, a schedule of rates for various services is prescribed, leaving it to the tenderer either to accept the rates in the schedule or to quote a percentage over or below such schedule as a whole. Thus, defects of the type noticed by the Public Accounts Committee which have arisen mainly from irrational rates and changing pattern of work, are not likely to arise in future.

[Department of Food U.O. No. 23/65-66/BFC-I/35th Report dated 18th March 1966].

Recommendation

(i) The Committee desire that the suggestion to incorporate a condition in the agreement that the contractor would be paid only if he filled a certain number of bags per 100 tons might be examined. Meanwhile, suitable measures may be taken to standardise the bags and by tightening up the inspection arrangements to ensure that the bags are properly filled at the ports to avoid these losses.

(ii) As regards the loss suffered by the use of more gunny bags, the witness stated that they would examine whether the loss so

sustained could not be recovered from the traders who got the extra gunny bags. The Committee may be informed of the decision taken in this regard.

[S, No. 41 (Para 43) of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

(i) At both the Ports of Madras and Visakhapatnam, the existing stevedoring contracts with the respective Stevedores' Associations are operative up to the 31st March 1966. The question of incorporating the condition regarding filling of a certain number of bags per hundred tonnes will be examined when negotiations for extension of the contract beyond the 31st March 1966 are held with the Associations. In this connection, it may be pointed out that the rates at which remuneration is paid to the individual stevedores for various services have been settled with the respective Stevedores' Associations by holding negotiations on the basis of the actual operational costs. If, therefore, the proposed condition is sought to be incorporated in the Agreement, the Associations will necessarily demand substantial increase in rates in order to safeguard their own interests. In other words, there may be no real saving to the Government by incorporating the proposed provision in the Agreement. To illustrate, if it were laid down that 100 tonnes be filled in 1053 bags (at the rate of 95 Kgs. per bag) and actually 100 tonnes were filled in 1111 bags (at an average of 90 Kgs. which is seldom obtained) the stevedores would have to bear the cost of 58 bags or say at least Rs. 100 per 100 tonnes bagged. The rate for bagging per 100 tonnes at present at Visakhapatnam is Rs. 117-00. The stevedores would naturally demand Rs. 217-00 if at all they agree to such a condition, knowing the working conditions in the hold of ships as they and we do.

However, the Association has now agreed to conduct an experiment of filling the bags to capacity by putting in a prescribed number of bucketfuls. The question of fixation of rates for future contract will be examined in the light of the results of the experiment. After the revised rates have been finalised and the stevedores have executed an agreement containing the condition referred to above, they will be bound to fill bags properly.

2. As regards improvement in the standard of packing, vigorous efforts are being made to effect the same. Instructions have been issued on the 17th May, 1965 and again on the 2nd September, 1965 to the departmental officers at the two ports to tighten up supervisory measures and ensure that the bags are properly filled. At

the Port of Madras, wheat is discharged in bulk and bagging and stitching is done on the wharf. With effect from the 5th April, 1965 the work of bagging and stitching at the wharf has been departmentalised and the stevedores are now required to do bagging and stitching on a very limited scale in the holds of the ships only for trimming purposes if and when necessary. Under departmental arrangements, the labour works directly under Government control and supervision and every effort is being made to improve the standard of bagging and stitching.

3. At the Port of Visakhapatnam, bagging and stitching work continues to be done in the holds of vessels by the stevedores to whom strict instructions have been issued on the 5th April, 1965 to guard against loose-bagging. In addition, the departmental staff at the Docks has been directed to exercise strict quality control on the work of bagging and stitching turned out by the stevedores' labour at the Port.

(ii) The existing terms and conditions of the sale provide that the supplies have to be given duly bagged, although the purchasers are charged for the net weight of the grain contained in the bags. The quantity that would be packed in each bag has not been specified. In the circumstances, it is not possible to recover the cost of extra bags from the buyers.

However, the question whether in future suitable provision can be made while fixing issue price, under which the price of grain may be recovered separately and the price of gunny bags separately from the buyers, has been taken up for consideration.

[Department of Food's U.O. No. 23/65-66/BFC.I/35th Report dated 6th November, 1965].

Audit Observations

The statement that if the proposed condition that the contractor would be paid only if he filled a certain number of bags per hundred tons, is sought to be included in the agreement, the Stevedores Association will necessarily demand substantial increases in rates in order to safeguard their own interests, does not appear to be tenable, for the reasons that the stevedores are legally bound to discharge the duties prescribed in the contract satisfactorily; their action not to fill the bags to the prescribed weight constitutes a failure on their part for which they are liable to pay damages.

Recommendation

The Committee are unable to understand why the labour did not object when the machines (grain conveyors) were used by the private parties. While the Committee are glad to note that the machines have now been put to use and were fetching good rent, they feel that owing to failure on the part of the Department to foresee the initial difficulties, costly equipment remained idle for a long time. They trust such cases would not recur.

[Sl. No. 42 (para. 44) of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

It might be clarified in this connection that the original idea to use some of the machines at the ports of Bombay and Calcutta was for loading of wagons in bulk for clearance of wheat from docks to destinations where flat storage was planned to be built. The movement of wheat in bulk in such improvised wagons introduced for the first time in the country was objected to by the labour as labour leaders apprehended that the bagging labour at the docks would be thrown out of employment. As such they objected to this process of clearance of wheat stocks in bulk from docks.

Vacuators and grain-conveyors have necessarily to be employed for discharge of wheat from tankers as construction of the tankers is such that the labour cannot work in the holds. Since the discharge responsibility has been on shipping companies, these parties have been employing the machines for discharge of food-grains from tankers only. From 1964, when the discharging firms were short of machines, we arranged to hire some of the machines to private parties for discharge of foodgrains from tankers. It will, thus, be seen that there have been two distinct uses of these machines, one for discharge of tankers and the other for loading of wagons in bulk. The latter was attempted by the Government which was objected to by the labour.

The other observations of the Committee have been noted.

[Deptt. of Food U.O. No. 23/65-66/BFCI/35th Report dated 17th July 1965].

Recommendation

The information regarding the extent of damage to the gunny bags due to dampness is still awaited. The Committee trust that the reasons for the loss due to deterioration of bags would be investigated and responsibility fixed.

[S. No. 43 (para 45) of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

Out of 3,650 gunny bales stored during August 1961 to May 1964 in Dharamtalla Godown and later transferred to Hoboken Depot for utilisation, it was found in March—May 1964 at the time of transfer that 773 gunny bales were showing signs of damage. The bales were sorted out by the Regional Director (Food), Calcutta in July, 1964 and it was found that out of the 773 bales (2,31,000 pcs.), which were affected by dampness, 474 bales (about 1,42,125 pcs.) were serviceable and could be put to use for bagging the imported food-grains. This left us with 299 bales (about 89,775 pcs.), purchased at a cost of Rs. 1.60 lakh. Lately, the first lot of 474 bales has been utilised at Calcutta. The Regional Director (Food), Calcutta has been trying to utilise the other lot of 299 bales also at Calcutta Port. However, as only dry cargo vessels call at Calcutta and as wheat is bagged in the holds and unloaded in slings necessitating good-quality gunnies, the utilisation of these bags would inevitably be rather slow. On the other hand, at Bombay, where grain is mostly received in tankers the quantum of dust, dockage etc., is much higher. Consequently, with a view to expediting the effective utilisation of these bags, it has been decided to transfer all these 299 bales to Bombay Port. The expenditure involved in the transfer of these bales is estimated at Rs. 16,360.00. The Regional Director (Food), Calcutta has already despatched these bags to Bombay. Since, action is in hand currently, the exact loss involved in this case cannot be assessed at present.

2. At a rough estimate, about 1.5 lakh bales of gunnies would have been utilised at the Port of Calcutta during 1962 to 1964. Against the background of such large supplies of gunnies being required for vessels bringing bulk cargo to that Port, the damage in the condition of 299 bales (which represents only 0.2 per cent of the total number of bales utilized), cannot be considered as being abnormal, if the operational and other difficulties of arranging proper turn-over of such large stocks of gunny bales are kept in mind. Incidentally, 0.2 per cent does not represent the loss in value, as actually it is expected that majority of the bales out of the 299 damaged bales, would be gainfully utilized at Bombay.

3. As stated above, 299 bales in question had only deteriorated in quality and are unfit for purposes of slinging at Calcutta. As it is hoped that substantial number of these bales would be utilized at Bombay, there may not be any considerably monetary loss. As regards the causes for deterioration in the texture of the gunnies, it may be mentioned that gunny is not a perishable commodity and

can be stored for a considerable period without fear of any deterioration. However, in this particular case, the causes for deterioration can be traced to the following factors:—

- (i) Storage in war-time pre-fabricated godown of the State Government, which was not in good condition. The godown had to be used when the stock holding in and around Calcutta had gone up to about 5 lakh tons.
- (ii) Moist Climate of Calcutta—Howrah which affected the bottom layers.
- (iii) Operational difficulties in the turn-over of the gunnies.

In view of the above reasons for the deterioration in the quality of the gunnies, it is considered that no one can be held responsible for the same.

4. A further report will be sent as soon as the entire quantity of gunny bags is actually sorted out and put to use.

[Department of Food U.O. No. 23/65-66/BFCI/35th Report dated the 11th March, 1966].

Audit Observations

In para 2 of the above note, the damage has been assessed as 0.2 per cent of the total bales consumed, which, it is stated, cannot be considered as abnormal. The total number of gunny bales stored in the Dharamtalla Godown was 3,650 out of which 773 bales were damaged. The percentage of damage, therefore, correctly works out to 21.

Recommendation

(i) *The Committee find from the note furnished that as many as 10 centres for the construction of the godowns had to be dropped due to various reasons. In some cases it was found later on that some other site was more suitable and in one case the proposal was dropped as construction at the site was later on found unnecessary. What the Committee do not understand is how original proposals for the construction were made when subsequently they were not found to be feasible. This only indicates that the schemes were sanctioned without a detailed scrutiny involving various problems connected with them.*

The Committee also note that in November 1961, the Ministry accorded approval for inviting global tenders, in the first instance for the construction of flat storage godowns at only three centres, namely, Manmad, Borivilli and Kanpur as their intention was to

finalise the designs and the handling equipments for the godowns on the basis of the tenders received, before progressing the construction proposed at the other three centres at Jinjirapole, Kandla and Ahmedabad. If, as stated by the Ministry, construction of flat storage godowns was being taken up for the first time in the country, and a beginning was to be made with three centres in the first instance, the Committee fail to understand why budget provisions was made for the other centres before the results of three centres were known.

(ii) As regards non-availability of land in time, the Committee have been informed year after year about the delay in acquiring land. They would desire this matter to be taken up with the State Governments and other authorities concerned so that this delay could be reduced to the minimum extent possible.

[Sl. No. 8 (para II) of App. XXVII to 39th Report (3rd Lok Sabha):]

ACTION TAKEN

The observations of the Committee have been noted.

The reasons for the delay in the construction of flat storage godowns have already been explained in Appendix II, para 2(iii) to the Thirty Ninth Report of the P.A.C. At the time proposals for budget provision were made, this Deptt. expected that tenders in respect of Manmad, Borivilli and Kanpur would be received, designs finalised and works awarded early during the financial year and that this will enable the Department to take similar action in the case of the godowns to be constructed at Jinjirapole, Kandla and Ahmedabad also. It was with this expectation that budget provision was made but as already explained there was unexpected and unforeseen delay in the finalisation of the designs in the case of the first three centres with the result that budget provision for the godowns at Jinjirapole, Kandla and Ahmedabad could not be utilised.

2. (ii) The Department of Agriculture have already appointed a group of experts for reviewing all questions relating to land acquisition with a view to making a comprehensive and coordinated review of the problems of land acquisition. A copy of the instructions issued by them is enclosed.

[Deptt. of Food U.O. No. 23/65-66/BFCI/39th Report dt. 17-9-1965.]

D.O. No. 4-16/65.G.II

GOVERNMENT OF INDIA

MINISTRY OF FOOD & AGRICULTURE

(Deptt. of Agriculture)

New Delhi, the 23rd June, 1965

AMEER RAZA

Joint Secretary,

My dear

As you are doubtless aware a number of difficulties have been experienced in the acquisition of lands under the Land Acquisition Act, 1884. These difficulties have been examined by the Law Commission in its tenth report on the Law of Acquisition and Requisitioning of land and by some other *ad hoc* committees or groups appointed to examine the question from certain special aspects. In order to make a comprehensive and coordinate review of the problem of land acquisition in all its different aspects, this Ministry has decided to appoint a group of experts for reviewing all questions relating to land acquisition, including procedures for acquisition and the principles of determination of compensation etc. The group will consist of:—

1. Secretary (Agriculture)—Chairman.
2. Representatives of—
 - a. Planning Commission
 - b. Ministry of Defence
 - c. Ministry of Works and Housing
 - d. Ministry of Industry and Supply
 - e. Ministry of Irrigation and Power
 - f. Railway Board
3. Representatives of the State Govts. which may be Revenue Secretary or Member, Board of Revenue (whoever deals with the subject of land acquisition)—
 - a. Madras
 - b. Maharashtra
 - c. Uttar Pradesh
 - d. West Bengal.
 - e. Delhi.

It is felt that to promote intimate discussions it would be desirable that the group should not be too large. It was, therefore, decided to include representatives only from the Principal Ministries concerned with acquisition of land in a large way. This Ministry would, however, very much welcome the cooperation of all the Ministries in the deliberations of this group. I am, therefore, to request that a note setting out the suggestions of your Ministry in this regard may kindly be furnished for the consideration of group.

Yours sincerely,

(Sd.) AMEER RAZA.

Recommendation

The Committee regret to note that there was inordinate delay in proceeding against the Cooperative Societies for the recovery of outstanding loans granted during the period 1953 to 1957. When the work was transferred to the Cooperative Department in 1961, the committee fail to understand the reasons for the delay over of 3 years on the part of the Department in taking suitable action for the recovery of loans.

The Committee are of the view that had the Block Development Officers taken due care and proper precaution before advancing the loans, there would not have been such an accumulation of huge amounts of loans outstanding against the Cooperative Societies. They are also of the view that no periodical check or investigation appears to have been made to see whether the Block Development Officers concerned maintained proper accounts of the loans advanced to Cooperative Societies and whether there were any lapses on the part of the Block Development Officers in regard to the execution of bonds and sureties etc. The committee are also not sure whether the Cooperative Societies have sufficient assets to enable the Government now to realise the amounts and whether the whereabouts of the members of the defaulting Cooperative Societies are known to the Cooperative Department. Since the Delhi Administration are stated to be optimistic about the recovery of outstanding loans, the committee hope that the recovery of loans would be expedited without loss to the public exchequer and report submitted to them.

[Serial No. 8 of Appendix XVIII to 29th Report (3rd Lok Sabha).]

ACTION TAKEN

Out of loan of Rs. 6.44 lakhs disbursed by Block Development Officers to 103 Cooperative Societies, during the period 1953-54 to

1956-57, the amount outstanding with interest as on 30th September, 1963 was Rs. 2.25 lakhs. Till 30th June, 1965, this has been reduced to Rs. 1,10,995.27 as Principal and Rs. 61,688.73 as Interest. As against the total of 103 Societies involved, dues are outstanding against only 36 societies. Their cases have been referred to the Collector to recover the amount as 'arrear of land revenue'. The main reason for delay in recoveries has been the recurrent floods which placed the Members of the Societies in great distress resulting in the non-recovery of the dues in accordance with the demand.

The loans were disbursed by the Block Development Officer to the Cooperative Societies but recovery could not be effected due to recurrent floods in these areas and the people were hard hit. Bonds and sureties have been got filled in by the Block Development Officers from the Societies. As stated above, the recoveries have been effected from the Societies as all Societies are in existence and their records and assets are available. Moreover, the loans are safe and will be recovered shortly.

Recommendation

The Committee desired to be furnished with information on the following points:—

(i) What were the reasons for the delay in recovering outstanding loans from the Cooperative Societies in this case? What were the reasons for entrusting the recovery of loans to the Collector for recovery as land revenue? Did the Societies follow the normal procedure in advancing loans to members? Did the Cooperative Societies execute a bond with the borrowers?

(ii) Did any Block Development Officer act in excess of his powers and authority in sanctioning loans.

The Committee regret to note that the information is still awaited.

[Serial No. 9 of Appendix XVII to 29th Report (3rd Lok Sabha).]

ACTION TAKEN

(i) The reasons for the delay have been explained above i.e., delay in recovery of loan occurred due to the recurrent floods. As per Section 65 of the Bombay Cooperative Societies Act, 1925 as amended till the Union Territory of Delhi, if the Societies are not able to repay the loans borrowed from the Government, they

are recoverable as arrears of land revenue to be realised by the Collector.

All the Societies followed normal procedures in advancing loans to their members and executed the bonds with the borrowers.

(ii) The loans were sanctioned by the Government of India/Delhi Administration. The amounts of the loans were drawn and disbursed by the Block Development Officers within their powers.

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APPENDIX XI
MINISTRY OF HEALTH

Recommendation

The Committee are not convinced of the explanation for such high expenditure (Rs. 2.65 lakhs) on administration under the General Development Account. The book value of the land left with the Authority at the end of 1961-62 was only Rs. 8.51 lakhs. Moreover, it was stated in evidence that the Authority would not now acquire any land on its own under the General Development Account. If so, the work that was being done hitherto (including the work relating to the preparation of the Master Plan) under this Account would shrink further. The Committee, therefore, feel that there is ample scope for economy in staff under this Account.

[S. No. 1 of Appendix to 18th Report.]

ACTION TAKEN

The expenditure of Rs. 2.65 lakhs, as pointed out by the P.A.C., on the cost of administration under the General Development Account includes the expenditure incurred on the administration and management of land which has been developed and leased out and from which approximately a sum of about Rs. 2 lakhs per annum is realised on account of ground rent. The value of such developed land and already leased out property will be over 1½ crores of rupees. The figure of Rs. 2.65 lakhs also includes the expenditure of Rs. 85,000 incurred in connection with the preparation of the Master Plan for Delhi. Therefore, this expenditure of Rs. 2.65 lakhs is not wholly related to the management of undisposed of land valuing Rs. 8.51 lakhs.

2. While it is correct that the Authority may not hereafter acquire any land on its own under the General Development Account, it may be pointed out that the Delhi Development Authority has also since undertaken ten pilot projects for the construction of houses for disposal on hire-purchase-cum-life-insurance basis at an estimated cost of Rs. 97 lakhs and it is anticipated that once these schemes get in full swing, the ratio of cost of administration and management to the total transactions on account of income and expenditure would go down.

3. It is true that the Master Plan for Delhi has been finalised but most of the work on the preparation of zonal plans still remains to be done. The Master Plan has split up Delhi into 136 zones. Draft plans for 21 zones have already been published and public objections thereon are being scrutinised. The completion of zonal plans for all the 136 zones would need a good deal of time and effort and for the next two or three years the work in this connection is not likely to shrink.

4. The Delhi Development Authority, had however, with a view to economise on its expenditure decided to streamline the existing procedures and methods of work in its office, and requested the Govt. of India to make available to it the services of an officer trained in O & M. An officer has since been appointed from 4-6-1965 for a period of 3 to 4 months. Government will review the position on receipt of the report from this officer.

5. The Delhi Development Authority has since considered the matter of allocation of expenses to various accounts and taken certain decisions as explained under item 4.

Audit observation

Serial No. 1

The average realisation on account of ground rent during 1961-62 to 1963-64* was Rs. 1.50 lakhs only and not Rs. 2 lakhs as stated in the note. The expenditure incurred during 1961-62, however, amounted to Rs. 1.80 lakhs (total expenditure of Rs. 2.65 lakhs minus Rs. 85,000 incurred in connection with the preparation of the Delhi Master Plan). The expenditure was thus more than the average realisation. In regard to the preparation of draft zonal plans under the Master Plan Delhi, a reference is invited to the Master Plan Delhi, a reference is invited to the Ministry's reply to Serial No. 4 below. The work relating to the preparation of the Master Plan and revision to the Plan when considered necessary has been entrusted to the Town and Country Planning Organisation and the D.D.A. is only responsible for processing the draft Master Plan and draft zonal development Plan and its final submission to Government.

COMMENTS OF GOVERNMENT

The figures of average realisation on account of ground rent etc. during 1961-62 to 1963-64 under General Development Account

*Detail: 1961-62 1.56 lakhs; 1962-63 1.60 lakhs; 1963-64 1.42 lakhs.

given by the A.G.C.R. are based on the figures in the Receipts and Payment Account. A more appropriate comparison would be with the figures appearing in the Income and Expenditure Account for these years which are as under:—

1961-62	1962-63	1963-64
Rs. 2.30 lakhs	Rs. 3.41 lakhs	Rs. 2.03 lakhs.

It would be observed that the realisation each year was not less than Rs. 2 lakhs as stated in the note and the A.G.C.R.'s observation that the expenditure was more than the average realisation does not seem to be correct.

As regards the second part of the Audit observation, it may be stated that as explained under the Recommendation at Serial No. 4, considerable work is still being done by the Delhi Development Authority in the finalisation of Zonal Development Plans i.e., publication for objections, scrutiny of objections, grant of personal hearing of objections, preparation of final draft after incorporating such changes as may be considered necessary.

In addition to the above, the following items of work are being done by the Delhi Development Authority: —

- (1) Preparation of sub-division plans for development schemes (a) residential (b) industrial (c) commercial and (d) institutional;
- (2) Preparation of detailed plans for district centres, community centres, shopping centres etc.;
- (3) Architectural work-designing of important houses and buildings to be disposed of on hire-purchase basis;
- (4) Preparation of re-development plans and integration of villages in and contiguous to the development schemes;
- (5) Development plans for urban villages; and
- (6) Survey of non-conforming industries, with a view to shifting them from non-conforming areas.

The above work is not done by the Town and Country Planning Organisation.

Recommendation

As regards the allocation of the expenditure of Rs. 2.65 lakhs, which had hardly any relation to the book value of the reduced area of land under management, (Rs. 8.51 lakhs at the end of 1961-62) on a pre-rate basis under three Accounts, the Committee are of the opinion that the allocation should be on a rational basis, as, otherwise, the Authority would be charging less on over-heads by artificially deflating the cost of development of Nazul land. They, therefore, desire this question to be re-examined at an early date. [S. No. 2 of Appendix to 18th Report].

ACTION TAKEN

The question of allocation of the cost of administration between the various wings of the Delhi Development Authority was examined by the Authority in its Resolution No. 54, dated the 23rd February, 1963 (Annexure I) and approved by the Government of India vide Ministry of Health letter No. F. 10-7/63-LSG., dated the 17th April, 1963 (Annexure II). In pursuance of the basic principles laid down in the Delhi Development Authority's Resolution No. 54, the various percentages of the pay and allowances of each officer and the establishment working in various sections to be allocated to the different Accounts were worked out and approved by the Delhi Development Authority vide its Resolution No. 44, dated the 30th January, 1964 (Annexure III).

It has been observed by the A.G.C.R., New Delhi that the percentage of the apportionment of expenditure as mentioned in the 'note' has been done on net basis i.e., after deduction of various recoveries e.g., G. P. Fund/C. P. Fund, income-tax, water/electricity.

The apportionment of expenditure on Administration is being done on the following basis:

The net amount payable through Salary Bills is allocated to respective accounts wholly, or on a proportionate basis, as the case may be. Separate bills are prepared for adjustment of deductions and these are similarly allocated. As all the payments through Salary Bills and adjustments of Deductions Bills, are being accounted for on the basis of approved percentages, it is not correct to say that the adjustment is on a net basis. The method adopted by the Authority results in complete allocation of the gross amount payable in salaries to the officers and the staff.

ANNEXURE I

DELHI DEVELOPMENT AUTHORITY

COPY OF RESOLUTION No. 54 PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 23RD FEBRUARY, 1963.

SUBJECT:—*Distribution of cost of Administration between the various wings of The Authority.*

A reference is invited to para 3.II(i) of resolution No. 455, dated the 2nd November, 1959, in which the Authority approved the revised basis for the adjustment of cost of administration between the Nazul and General Development Accounts of the Authority. The Government of India, Ministry of Health, in their letter No. 1-10/59-LSG., dated the 14th December, 1959 conveyed their approval to the financial arrangements proposed therein.

2. The distribution of the administration charges between the Nazul and General Development Accounts, as approved above, is made on the basis of the actual staff employed on the Administration of Nazul and General Development Wings of the Authority and in respect of such members of the staff where an exact demarcation is not possible, a proportionate distribution is made on an *ad hoc* basis with reference to the estimated time devoted to the work of the different wings. With the introduction of a separate section in the Nazul Account to incorporate the expenditure on Delhi Development Authority's Schemes for large scale acquisition, development and disposal of land in Delhi, the distribution of the cost of Administration between the various sections of the accounts of the Authority is being made on the same principle, *viz.* :—

- (1) The cost of the staff directly employed on the administration of Nazul Account-I (General), Nazul Account-II (Chief Commissioner's Schemes), and General Development Account, as the case may be, to the Account concerned.
- (2) In respect of such members of the staff where an exact demarcation is not possible, to the various Accounts, on an *ad-hoc* basis with reference to the estimated time devoted to the work of each section.

- (3) Contingent and other charges incurred in connection with the Administration of Nazul Account-I (General), Nazul Account-II (Chief Commissioner's Schemes) and the General Development Account, as the case may be, to the Account concerned, and
- (4) Expenditure which cannot be allocated *ab-initio* to any particular Account, to the three accounts on an *ad-hoc* basis.

3. The cost of administration thus allocated to the General Development Account is proposed to be distributed further between the work connected with the Delhi Master Plan, and other work of the General Development wing on the same principle. This is already being done proforma for purpose of obtaining the grant-in-aid for Master Plan work from the Government.

4. The Standing Committee considered the matter at its meeting held on the 13th February, 1963 and resolved to recommend that the proposal for distribution of cost of administration between the various wings of the Authority, as above, be approved.

5. The proposal is now submitted before the Authority for according their approval to the recommendation of the Standing Committee. Government approval thereto will be obtained thereafter.

(No. A.9-7/1962-63)

RESOLUTION

Resolved that the recommendation of the Standing Committee, as in para 4 above, be approved.

ANNEKURE II

COPY OF LETTER No. F. 10-7/63-LSG., DATED THE 17TH APRIL, 1963, FROM THE GOVERNMENT OF INDIA, MINISTRY OF HEALTH, ADDRESSED TO THE VICE CHAIRMAN, DELHI DEVELOPMENT AUTHORITY, REGAL BUILDINGS, NEW DELHI.

SUBJECT:—*Distribution of cost of administration between the various wings of the D.D.A.*

With reference to the D.D.A's letter No. A.9-7/136, dated the 8/12th March, 1963, on the above subject, I am directed to convey the sanction of the Government of India to the proposal made in paragraph 3 of the Authority's Resolution No. 54 dated the 23rd February, 1963 about further distribution of the cost of development presently allocated to the General Development Account between the work connected with the Delhi Master Plan and other work of the General Development Wing on the same principle as indicated in paragraph 2 of the said Resolution.

ANNEXURE III

COPY OF RESOLUTION NO. 44, PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 30-1-1964.

SUBJECT.—*Distribution of cost of Administration between the various wings of the Authority.*

Reference is invited to Resolution No. 54, dated 23-2-1963, in which the Authority approved the distribution of the cost of administration between the various wings of the Authority on the following principles:—

- (1) The cost of staff directly employed on the administration of Nazul Account-I (General), Nazul Account-II (Chief Commissioner's Schemes), General Development Account and the work connected with the Delhi Master Plan (within the General Development Account), as the case may be, to the Account concerned.
- (2) In respect of such members of staff where the exact demarcation is not possible, to the various Accounts proportionately with reference to the estimated time devoted to the work of each section.
- (3) Contingent and other charges in connection with the administration of various accounts, as the case may be, to the Account concerned.
- (4) Expenditure which relates to the three accounts jointly to be allocated to each account on a *pro-rata* basis.

2. The Government of India, Ministry of Health, in their letter No. F. 10-7/63-LSG, dated 17-4-1963, also approved of the basis of allocation decided upon by the Authority in its resolution mentioned above.

3. In pursuance of the aforesaid basic principles, the various percentages of the pay and allowances of each officer and the establishment working in various Sections to be allocated to the different Accounts with effect from the accounts for 1963-64 have been worked out and are detailed in Appendix 'R'.

4. Contingent and other charges which are not allocable exclusively to any particular Account may be allocated to different Accounts in the approximate overall ratio of pay and allowances of officers and establishment debitable to each Account.

5. The allocation of the cost of administration for the year 1962-63 already made on the basis of the general principles approved by the Authority and the Government of India, may also be approved.

6. The Standing Committee considered the matter in its meeting held on the 15th January, 1964 and recommended that the proposals regarding distribution of cost of administration between various wings of the Authority as contained in paragraphs 3, 4 and 5 above be approved.

7. The matter is now submitted before the Authority for according their approval to the recommendation of the Standing Committee as in para 6 above.

(No. A.9-7/1962-63)

RESOLUTION

Resolved that the recommendations of the Standing Committee as in para 6 above be approved.

Appendix 'R' to Item No. 44

Apportionment of expenditure on officers and establishment.

Designation/Section	Nazul Account I	Nazul Account II	General Develop- ment Account	Master Plan
1	2	3	4	5
	%	%	%	%
Vice-Chariman and his personal staff	30	40	10	20
Finance Member and his personal staff	40	40	10	10
Engineer Member and his personal staff	26 $\frac{2}{3}$	30	10	33 $\frac{1}{3}$
Secretary	40	50	10	..
Officer on Special Duty and his personal staff . . . . .	..	..	..	100
Administrative Officer	50	40	10	..
Asstt. Administrative Officer	50	40	10	..
Legal Adviser	80	10	10	..
Asstt. Legal Adviser	90	..	10	..
Executive Officer (A)	100	..	..	..
Do. I	100	..	..	..
Do. II	100	..	..	..
Do. III	100	..	..	..
Do. IV	100	..	..	..
Do. V	100	..	..	..
Upto 30-9-63 from 1-10-63 (except Spl. pay)	100	100	..	..
(Special pay of E.O.V. upto 30-9-63 and from 1-10-63	100	100	..	..
Do. I	100	..	..	..
Do. VII	100	..	..	..
Do. VIII	50	..	50	..

1	2	3	4	5
	%	%	%	%
Tehsildar	90	10	..	..
Tehsildar (Additional)	90	10	..	..
Sales Supervisor (also working as Tehsildar Damages)	20	80	..	..
Chief Accounts Officer	40	50	10	..
Accounts Officer I	60	25	10	..
Accounts Officer II	80	..	20	..
Accounts Officer III . . . . .	..	100	..	..
Assistant Engineer I	10	80	10	..
Assistant Engineer II	40	50	10	..
Assistant Engineer III . . . . .	..	100	..	..
Assistant Engineer IV . . . . .	..	..	..	100
Land Sales Officer— . . . . .	..	100	..	..
Officers of the Planning Section Section (except one Junior Architect) . . . . .	..	100	..	..
One Junior Architect in the Planning Section:	80	..	20	..
<i>Sections.</i>				
(i) Accounts Section :				
(a) General Accounts	60	30	10	..
(b) Revenue Accounts	90	..	10	..
(c) Land Sales . . . . .	..	100	..	..
(ii) Building Section :				
(a) Other than survey staff	20	75	5	..
(b) Survey staff for rede- velopment of villages . . . . .	..	100	..	..
(c) Survey staff for zonal plans) . . . . .	..	..	..	100
(iii) Damages	98	..	2	..
(iv) General Administration (except staff charged to Master Plan)				
(v) Internal Audit	55	35	10	..
	80	10	10	..

	1	2	3	4	5
		%	%	%	%
(vi) Lands Section . . .	98	..	2	..	..
(vii) Land Sales Branch . . .	..	100	..	..	..
(viii) Legal Section . . .	80	..	20	..	..
(ix) Old Scheme Branch . . .	100	..	..	..	..
(x) (a) Planning Section (except staff attached to one junior Architect) . . .	..	100	..	..	..
(b) Staff attached to one junior Architect . . .	..	100	..	..	..
Works and Development Deptt. Section except staff charged to Master Plan . . .	80	..	20	..	..
	20	70	10	..	..
<i>Staff charged to Master Plan :</i>					
Head Assistant (W& D) . . .	10	35	5	50	50
U.D.C. (1) . . . . .	..	..	..	100	100
U.D.C. (1) . . . . .	..	..	..	100	100
Typist (1)	16	56	8	20	20
Ferro Printer (1)	16	56	8	20	20

Recommendation

The Committee find it difficult to accept the contention that an Administrative expenditure of above Rs. 11 lakhs of the Delhi Development Authority is not on the high side. They desired to be furnished with a note showing the important items of work dealt with by the administrative staff in addition to transactions valued at Rs. 24 lakhs. This information is still awaited.

[S. No. 3 of Appendix to 18th Report].

ACTION TAKEN

A note on the subject as desired by the Public Accounts Committee is enclosed. Fuller details have been furnished in the Report of the Delhi Development Authority for the period 1st April 1962 to 31st March 1964 which has since been laid on the tables of both the Houses of Parliament.

The Administrative expenditure incurred by the Authority during 1961-62 was on the total transactions of Rs. 56.82 lakhs. The allocation of this expenditure on the transactions between the various Accounts of the Authority is as follows:—

Amount	Administrative expenditure (in lakhs of rupees)	Transactions (in lakhs of rupees)		
		Revenue	Expdr.	Total
(a) Nazul A/c-I (General) .	5.60	14.61	0.54	15.15
(b) Nazul A/c-II (C.C's Schemes)	2.69	†3.59	*29.06	32.65
(c) General Development Account.	2.65	8.41	0.61	9.02
TOTAL .	10.94	26.61	30.21	56.82

†includes Rs. 3.47 lakhs realised as premium on land.

*incurred through C.P.W.D.

2. The position in respect of each of these accounts is explained below:—

(a) *Nazul Account I.*—This account is charged with the expenditure on the management of Nazul Estates comprising an area of about 8,500 acres entrusted to the Authority under the 1937 Agreement between the Government and the erstwhile Delhi Improvement Trust. The functions of the Authority in this respect are both revenue-earning and non-revenue-earning. The latter broadly consist of such items of works as:—

- (a) Maintenance of records of rights (i) Jamabandi showing the ownership, occupants, etc., of land together with details thereof,
- (ii) Register of Mutations showing all new leases and all changes in the rights of ownership and occupancy of land,
- (iii) Register of leases, etc.

- (b) Disposal of applications for mutations with reference to conditions in the lease during the last 2 years as many as 6,072 mutations were dealt with and noted in the Jama-bandis.
- (c) Detection and removal of encroachments on lands and demolition of unauthorised structures. The total No. of encroachments is over 18,000.
- (d) Dispute about titles to public lands, which in many cases result in prolonged and continuous litigation. At present 9 such cases involving properties worth lacs of rupees are pending in Courts.
- (e) Vigilance of lands given on lease with a view to detection of cases of breaches of lease and thereafter taking action against such breaches i.e. issue of notices under the lease agreements, compounding of cases of change of user, determination of leases, restoration of leases, etc.;
- (f) Compilation and maintenance of records of unauthorised occupants over public lands (mostly slum and basti dwellers pending their rehabilitation at new sites or eviction under the Public Premises Eviction Act);
- (g) Conduct of suits in courts and other legal affairs.

It may be mentioned in this connection that the total expenditure of Rs. 5.60 lakhs on administration in this account includes not only the cost of staff employed on the current work but also of the extra staff employed on the clearance of heavy arrears taken over as a legacy from the Delhi Improvement Trust e.g. renewal of expired leases, re-construction of revenue records and accounts of dues recovered through lambardars, etc., since 1947-48 and settlement of such dues; and dealing with past cases of change of user and unbuilt plots.

(b) *Nazul Account II.*—This account exhibits the receipts and expenditure on the scheme for large scale acquisition, development and disposal of land in Delhi administered by the Chief Commissioner, Delhi. The Development and disposal of land under the scheme entrusted to the Delhi Development Authority entails a large amount of preparatory work comprising mostly of the following items of work:—

- (a) Selection of the area of development and preparation of engineering surveys.
- (b) Preparation of socio-economic surveys.

- (c) Study of the survey reports and preparation of layout plans.
- (d) In a number of schemes, the area to be developed contains built-up Abadies or Colonies. The layout plan in such cases has to take the form of a 're-development plan', effort being made to retain in such Abadies as many substantially built structures as possible.
- (e) Preparation of engineering scheme on the basis of the layout plans and also re-development plans, where necessary. The engineering scheme also comprises roads and lanes, water supply, street lighting, storm water drainage and sewerage.
- (f) Presentation of the layout plans and engineering schemes with the financial estimates of the scheme to the Authority and thereafter to the Chief Commissioner for obtaining administrative approval and expenditure sanction to the scheme.

In 1961-62, the schemes taken up were in the initial stages of preparation and execution. The cost of administration in the initial stages mostly comprising of preparatory work was, therefore, proportionately high. It is expected that as the schemes progress, the cost of administration, in relation to the income and expenditure will gradually go down.

(c) *General Development Account.*—This Account shows the expenditure incurred on (i) management of the Authority's own lands and properties, (ii) preparation and implementation of the Master Plan and Zonal Plans for Delhi which includes interpretation of the plans, advice to other Government Departments and Local Bodies on planning matters etc. and (iii) declaration of areas as "Development Areas" under Section 12 of the Delhi Development Act and the vigilance of such areas which comprises issue of show-cause notices to unauthorised builders, hearing of objections, issue of demolition orders, contesting of appeals in courts against demolition orders and actual demolition of structures including prosecution of unauthorised builders. The work connected with items (ii) and (iii) above is largely non-revenue earning and administrative. The functions of the Authority in respect of the management of its own lands and properties—item (i) above—are also both revenue-earning and non-revenue-earning as explained in Sub-para (a) regarding management of Nazul properties under Nazul A/c-I.

Recommendation

In the absence of a satisfactory explanation, the Committee are not sure that there is no overlapping of allocation of work as between the Town and Country Planning Organisation and the Delhi Development Authority particularly in respect of survey of areas, and preparation of layouts and Zonal Plans. In order to avoid any duplication of work and with a view to effecting economies, a prompt review should be made to examine the feasibility of effecting changes in the allocation of duties as between the Delhi Development Authority and the Town & Country Planning Organisation.

[S. No. 4 of Appendix to 18th Report.]

ACTION TAKEN

There is at present no overlapping in the functions of the Delhi Development Authority and the Town and Country Planning Organisation. In fact, their functions are complementary. Even in the matter of surveys, the work done by the Town and Country Planning Organisation is confined to the areas for which zonal plans are being prepared by them. The survey of areas for which development plans are to be prepared is done by the Delhi Development Authority. In the field of planning the broad division of work between the Town and Country Planning Organisation and Delhi Development Authority is as under:—

Town and Country Planning Organisation

- (1) Preparation of the Master Plan and revision of and amendments to the plan, when considered necessary;
- (2) Preparation of Zonal plans in draft;
- (3) Advice to the Authority in regard to the implications of the Master Plan and on matters connected with its interpretation;
- (4) General advice to the Authority on planning policies.

Delhi Development Authority

- (1) After receipt from the Town and Country Planning Organisation, processing of the draft Master Plan and draft zonal development plans—publication for objections, scrutiny of objections, grant of personal hearing of objections, preparation of the final draft after incorporating such changes as may be considered necessary and final submission to Government;

- (2) Preparation of sub-division plans for development schemes (a) residential (b) industrial (c) commercial and (d) institutional;
- (3) Preparation of detailed plans for district centres, community centres, shopping centres etc.;
- (4) Architectural work-designing of important houses and buildings to be disposed of on hire-purchase basis;
- (5) Preparation of redevelopment plans and integration of villages in and continuous to the development schemes;
- (6) Development plans for urban villages; and
- (7) Survey of non-conforming industries, with a view to the shifting them from non-conforming areas.

It may be added that the contribution of Town and Country Planning Organisation to the preparation of Zonal plans and other aspects of the Master Plan for Greater Delhi is being progressively reduced and in due course the Organisation will confine its attention to Town and Country Planning, regional plans, etc. on all India basis.

Recommendation

The Committee regret to note that there was heavy accumulation of balances from year to year due to the fact that the various schemes of development could not be executed according to anticipation.

[S. No. 5 of Appendix to 18th Report.]

ACTION TAKEN

The Delhi Development Authority had surplus funds in the Nazul Account I to the tune of Rs. 196 lakhs in May, 1964. According to clause 9 of the Agreement between the Government of India and ex-Delhi Improvement Trust, surplus funds in the Nazul Development Account I remaining at the end of each financial year shall be put at the disposal of Government and shall be applied until further orders of Government, to the further improvement and development of Nazul Estate/and or to the repayment of loans made to the Trust as Government may direct. Out of the surplus funds in the Nazul Account I, a sum of Rs. 115 lakhs was transferred in 1961-62 and 1962-63 to Nazul Account II (Chief Commissioner's Scheme of large scale acquisition, development and disposal of land in Delhi). Apart from the sum of Rs. 115 lakhs referred to above, the balance

in short term investments with the State Bank amounts to Rs. 81 lakhs.

The amount of Rs. 115 lakhs has since been refunded by the Housing Commissioner, Delhi Administration and the question of its utilisation is under consideration of the Delhi Development Authority. Out of the remaining 81 lakhs, the Delhi Development Authority had drawn up the schemes as mentioned below:—

- I. Construction of cycle shops, show rooms and office accommodation in Jhandewala (Estimated cost over Rs. 1 crore).
- II. Development of land near East Patel Nagar for District Centre (Estimated cost nearly Rs. 3 crores).
- III. Redevelopment of Motia Khan Area for provision of flatted factories. (Cost not known).

The Delhi Development Authority proposed to utilise a sum of Rs. 1.35 lakhs during the year 1964-65 and Rs. 12.00 lakhs during 1965-66. Thus the Authority would still be left with the balance of Rs. 67.65 lakhs at the end of 1965-66. The Authority have been asked to refund this balance to Government.

Recommendation

The Committee note that decision based on legal opinion in the matter has at long last been taken. They would urge, however, that all action relating to the revision of the agreement and modification of its clauses and other necessary steps should be completed at an early date. The Committee were also informed that writ applications had been filed in the High Court challenging the validity of the further acquisition. They would like to be informed of the outcome of the legal proceedings.

[S. No. 6 of Appendix to 18th Report.]

ACTION TAKEN

The Accountant General, Central Revenues, has observed that "the recommendation of the Public Accounts Committee seems to have a bearing on the enquiry "why Government did not revise the agreement or issue directions about the utilisation of the surplus funds from time to time as envisaged in the 1937 Agreement, made by them in para. 8 of their 18th Report." The question of utilisation of surplus funds has been dealt with under the recommendation at Serial No. 5 of the Appendix to 18th Report. The necessity for

revising the Agreement on this point has not so far arisen. This will be done when the necessity arises for it.

The writ petition challenging the validity of acquisition of certain lands by the Delhi Administration have since been dismissed by the High Court.

Recommendation

In view of the fact that the functions of the Delhi Development Authority are clearly defined, the Committee suggest that instead of having separate budget estimates for the separate Accounts as at present, the feasibility of having general budget estimates for Delhi Development Authority should be examined so as to have a better and more simplified procedure, which will also give a clearer picture of its activities.

[Serial No. 7 of Appendix to 18th Report].

ACTION TAKEN

The maintenance of separate divisions of account (Nazul Account I, Nazul Account II and General Development Account) is necessitated by the provisions of clause 9 of the Nazul Agreement of 1937 which requires separate accounts to be maintained of all revenue realised from and all expenditure incurred upon the Nazul Estate covered under the Agreement. Similarly in respect of transactions relating to the development works under the scheme for large scale acquisition, development and disposal of lands in Delhi, instructions issued by the Chief Commissioner, Delhi, under the powers delegated to him by the Government of India, require that the expenditure incurred and the amounts realised in connection with the development and disposal of these lands should be accounted for in a separate division of the Nazul Account. However, commencing from the Budget Estimates for 1965-66, a consolidated summary of estimated receipts and expenditure under all the three divisions of accounts has been prepared.

Recommendation

The fact that the cost of administration (Rs. 5.60 lakhs during 1961-62) under Nazul Account is disproportionately high, indicates that the overall administrative set-up is too costly for the total volume of the transactions handled (Rs. 15.16 lakhs). The Committee would like the Ministry to examine this point carefully with a view to effecting economies wherever possible.

[Serial No. 8 of Appendix to 18th Report].

ACTION TAKEN

As already mentioned against recommendation at Serial No. 1 of Appendix to 18th Report, the Delhi Development Authority have decided that with a view to streamline the existing procedure and methods of work in the office of the Authority which could lead to economy and efficiency, services of an officer may be obtained from the O&M Division, Ministry of Home Affairs. An officer has since been appointed from 4th June 1965 and further necessary action will be taken on receipt of his report.

At the same time, it might also be mentioned that in view of the work done by the Delhi Development Authority, to which a reference has been made under Recommendation No. 3, the expenditure of Rs. 5.60 lakhs is perhaps not too high.

Recommendation

The Committee were disappointed to note that despite heavy administration charges, the state of Accounts was unsatisfactory and the process of recovery was extremely slow. They were, however, assured that the accounts were now being rebuilt and that steps were being taken to recover the arrears as soon as possible. The Committee would like to be informed of the concrete results achieved.

[Serial No. 9 of Appendix to 18th Report].

ACTION TAKEN

Necessary steps have been taken by the Delhi Development Authority to reorganise the recovery work. Under the revised procedure, the recovery of ground rent through the Lambardars for the half years ending 31st December 1963 and 30th June 1964 ranges from 90 per cent to 94 per cent. Vigorous steps have also been taken to recover the arrears of Nazul Revenue from the Cooperative Societies, Lambardars and other defaulting lessees. A sum of Rs. 83,590 has been recovered from one Cooperative Society and Rs. 30,000 from another. The reconstruction of the accounts of the Lambardars from 1947-48 onwards has already been completed and a sum of Rs. 3.14 lakhs has been recovered from them, Rs. 1.84 lakhs in cash and Rs. 1.30 lakhs by adjustment against their claims for Pachotra (5 per cent commission).

The recovery of damages has also stepped up from Rs. 2.82 lakhs in 1961-62 to Rs. 6.51 lakhs in 1962-63 and Rs. 7.83 lakhs in 1963-64.

Recommendation

The Committee would like to emphasise that the procedure adopted was not correct. If the Chief Commissioner acquired the land in the name of the President, the compensation should have been paid from the revolving fund placed at the disposal of the Chief Commissioner and not from the amounts obtained from the Delhi Development Authority, which is an autonomous body. The Committee, were, however, assured, that there would be no occasion in future for granting loans in this fashion. They hope that the Ministry of Finance will issue suitable instructions on the subject.

[Sl. No. 10 of Appendix to 18th Report].

ACTION TAKEN

The matter has been considered in consultation with the Ministry of Finance who are of the view that since the irregularity has already been pointed out to the Delhi Development Authority, and that Authority has stated that there would be no such occasion in future, no further action seems to be necessary.

Recommendation

The Committee need hardly emphasise the anomaly in obtaining a loan at the interest of 4½ per cent p.a. and investing the same at the rate of 3 per cent per annum in the Bank. The obvious and proper course would have been for the Delhi Development Authority to obtain the loan in instalments according to their actual needs. The Committee are also unable to appreciate the plea in justification for this action "that Government did not suffer any financial loss as such", since the Delhi Development Authority made the ultimate purchasers pay inflated rates for the land by adding the interest charges to the cost of development. The Committee feel that this action was irregular. They hope that such contingencies will be avoided in future.

[Sl. No. 11 of Appendix to 18th Report].

ACTION TAKEN

"The loan of Rs. 280 lakhs was obtained by the Delhi Development Authority from the Government of India on the basis of estimated requirements for acquisition of land intimated by the Housing Commissioner, Delhi Administration. The first instalment of Rs. 200 lakhs sanctioned by the Government was drawn by the Authority on the 24th January 1962 out of which Rs. 168 lacs was

paid to the Housing Commissioner. The second instalment of Rs. 80 lakhs was drawn by the Authority on 15th February 1962 and kept in deposit with the State Bank of India @ Rs. 3 per cent per annum pending receipt of further demand from the Housing Commissioner who had earlier stated that he would need the amount to meet the cost of acquisition of land during the remaining part of the financial year 1961-62, *vide* Delhi Administration letter No. 3 (2)/Acctt/61, dated the 17th November, 1961 (Annexure). It may be emphasised that the transactions both relating to the receipts as well as payments, connected with the implementation of the Scheme, are of widely fluctuating nature. In regard to the original demand as sent to the Delhi Administration by the Land Acquisition Collector for making payments of compensation for land during the closing month of March, it actually happened that while, on the one hand, certain unanticipated receipts from the co-operative house building societies etc. were deposited with the Reserve Bank of India into the Personal Ledger Account of the Housing Commissioner, on the other hand, the demands of the Land Acquisition Collectors were considerably reduced. In the circumstances, it was not considered necessary to obtain any further funds from the Delhi Development Authority and the position continued to fluctuate during the entire month particularly during the last few days of the month with the result that it could not be confirmed by the Delhi Administration to the Delhi Development Authority earlier than the 29th March, 1962, when they specifically asked for it, that no funds would be required by them during the financial year.

The balance of Rs. 112 lakhs with the Authority was, therefore, converted into short term deposit @ 3½ per cent p.a. for meeting the requirements of the Housing Commissioner during the following year (1962-63). However, the observations of the Public Accounts Committee have been noted and the Delhi Development Authority have been asked to be careful in future.

ANNEXURE

Shri M. L. Gupta,
Asstt. Financial Adviser,
Land and Housing Department.

D.O. No. 3(2)/Acctt/61

dated Delhi the 17th November 1961.

SUBJECT.—*Funds for Land Acquisition Scheme for the large scale acquisition, Development and Disposal of Land in Delhi.*

My dear Bishan Chand Ji,

The Additional District Magistrate (Land Acquisition) has informed us that a sum of Rs. 34,58,645-33 nP. has been advanced by the Delhi Development Authority to the Land Acquisition Collector directly towards the cost of acquisition of land in connection with the implementation of scheme for large scale acquisition, development and disposal of land in Delhi. This may kindly be confirmed. It is presumed that no other amount except this, has been advanced to the Land Acquisition Collector by the Authority on this account. This presumption may also kindly be confirmed.

2. In accordance with para 6 of the Accounting Procedure prescribed in the Ministry of Finance, Department of Economic Affairs' letter No. F. 1(24)/-B/61, dated 30th June, 1961, payments on account of compensation in respect of lands acquired under this scheme are made by the Land Acquisition Collector as usual and to enable them to make these payments directly to the parties concerned, as and when the awards are given, the Chief Commissioner is required to place necessary funds with them from out of the Personal Ledger Account. Accordingly, the sum of Rs. 34,58,645-33 nP. already paid by the Delhi Development Authority direct to the Land Acquisition Collector should also be incorporated in our Personal Ledger Account. Necessary transfer entry in this respect will be made in consultation with the Accountant General Central Revenue, New Delhi on hearing from you. I hope you have no objection to this.

3. In your revised budget estimates for the current financial year, you have provided for a sum of Rs. 488 lakhs on account of expenditure towards the cost of land acquisition. This amount includes

Rs. 444.69 lakhs as the cost of 1837.58 acres of land to be acquired for the Delhi Development Authority in connection with this scheme. Against this provision, a sum of Rs. 34,58,645.33 nP. has already been paid by you to the Land Acquisition Collector as stated above. The Land Acquisition Collectors have intimated to us their immediate requirements for a further advance of Rs. 109 lakhs of which we have advanced to them a sum of Rs. 75 lakhs. The balance of Rs. 34 lakhs is to be advanced to them immediately to enable them to make payments of compensation to the parties without delay. You are, therefore, requested to credit a sum of Rs. 34 lakhs for the cost of land acquisition into our Personal Ledger Account indicating "Personal Ledger Account of the Housing-Commissioner-Accountant General Central Revenue" in the Reserve Bank of India, New Delhi under intimation to this office.

4. I may also add for your information that the Additional District Magistrate (Lands Acquisition) has intimated to us his estimated requirements of funds for land acquisition for the period December, 1961 to February 1962 as follows:—

December 1961—Rs. 80 lakhs.

January 1962—Rs. 100 lakhs.

February 1962—Rs. 100 lakhs.

You will be informed from time to time, as and when further amounts are needed by the Land Acquisition Collectors based on their actual requirements during the remaining part of the current financial year, so that you may credit necessary funds into our Personal Ledger Account in the Reserve Bank of India, New Delhi.

With kind regards,

Shri Bishan Chand, I.A.A.S.,
Finance & Accounts Member,
Delhi Development Authority,
New Delhi.

Yours Sincerely,
Sd/- M. L. GUPTA.

Recommendation

(i) *The Committee are not convinced with the arguments advanced in support of adopting the peculiar procedure of developing the land, namely, the Chief Commissioner entrusts the work to Delhi Development Authority, who in turn entrusted it to the C.P.W.D., especially in view of the fact that Section 6 of the D.D.*

Act empowers the Authority "to carry out building, engineering, mining and other operations....." It was urged before the Committee that the Delhi Improvement Trust, which was succeeded by the Delhi Development Authority had limited functions for which it had its own engineering organisation but the functions entrusted to the Delhi Development Authority were much wider and the existing engineering organisation was not competent to deal with the full load of work. If that be the case, the best course for Government would have been either to set up an engineering organisation competent to undertake the expanded functions in the D.D. itself or to have got the provisions of the Act suitably amended, so as to clearly specify that the development work would be executed through other agencies, Government or private and the Authority would be responsible for planning and layout work only.

(ii) The Committee are also of the opinion that getting the development work done through the C.P.W.D. might entail extra expenditure in view of the fact that centage charge at the rate of 7½ per cent has to be paid to the C.P.W.D. for supervision of engineering work. It might also be advantageous in the interest of economy and expedition if the D.D.A. themselves undertook the work with their own engineering staff. The Committee hope that Government would examine these aspects at an early date for the better working of the Delhi Development Authority.

[Sl. No. 12, of Appendix to 18th Report.]

ACTION TAKEN

The proposal for the establishment of an independent Engineering Wing working directly under the Delhi Development Authority for the execution of its development schemes was considered in early 1958 in consultation with the Ministry of Works, Housing and Supply. The Chief Engineer, Central Public Works Department, had expressed the view that he was not in favour of a separate engineering organisation being set up by the Delhi Development Authority as it would be necessary for co-ordinated development that there should not be multiple engineering organisations working in Delhi. He had also observed that from the point of view of administrative arrangement and the speedy execution of works also it would be desirable that the work of the Delhi Development Authority was also handled by the C.P.W.D. In view of the advice of the Chief Engineer, Central Public Works Department the question of setting up of separate engineering organisation in the Delhi Development Authority was dropped and it was decided that

the engineering works of the Authority may be executed through the C.P.W.D. on payment of departmental charges at Rs. 7½%.

The question was reviewed by the Delhi Development Authority in July, 1963, when they stated that they had ten projects already approved by the Authority for construction of houses under the scheme for sale of houses on hire-purchase-cum-Life Insurance basis for lower and middle income groups. Two of these schemes had already been entrusted to the C.P.W.D. for execution. The Delhi Development Authority desired that in regard to the remaining 8 schemes some other suitable arrangements may be evolved whereby the houses could be constructed speedily through the agency of reputed firms of private architects and building contractors. This proposal was again considered in consultation with the Ministry of Works and Housing and they agreed that the 8 pilot projects sanctioned by the Delhi Development Authority might be entrusted to private architects for planning and supervision and to contractors (on the basis of tenders) for execution. Necessary action has been taken accordingly.

The Development Authority are of the view that there seems to be no necessity of any change in the present arrangement of developing lands. The Delhi Development Authority has already directly taken up the work of construction of houses and markets etc. and in case it was also to attend to the work of development of lands through its own engineering organisation, it will not be able to develop lands and relieve housing shortage thereby expeditiously because instead of the two agencies that are now working, i.e. Delhi Development Authority in the construction of houses, and the agency of the Central Public Works Department in the development of lands, the entire work will have to be done by the Delhi Development Authority alone. It was also felt that in view of the acute shortage of staff, equipment and stores, it will not be expedient and economical for the Delhi Development Authority to create an engineering organisation of its own for the development of lands, as the purchase of equipment and stores will require a huge capital at the initial stage. It is also considered that the development of lands through the established agency of the Central Public Works Department will ultimately be cheaper.

The Authority has since decided to undertake the construction of houses on a large scale through the Hindustan Housing Factory. Some works have also been entrusted to private firms of architects. All these works would be supervised by the Engineering Branch of the Delhi Development Authority. In the circumstances, the question of amendment of the Delhi Development Act does not arise.

Recommendation

(i) From the facts mentioned above, the Committee find that large funds (Rs. 39.53 lakhs) were placed at the disposal of the C.P.W.D. in advance without ascertaining whether they would utilise the entire amount within a reasonable time. Had the Delhi Development Authority shown some fore-thought in this matter and made available to the C.P.W.D. funds in instalments as and when required, the unspent sum would not have remained with the C.P.W.D. where no interest could be earned.

(ii) The Committee would also like to emphasise that the placing of funds with organisation etc. much in advance of the actual requirements should be discouraged.

[S. No. 13 of Appendix to 18th Report.]

ACTION TAKEN

(i) The funds were placed by the Authority at the disposal of the Central Public Works Department in compliance with the advance quarterly forecast furnished by the then Additional Chief Engineer (lands) and the actual requirements for each month given by his Executive Engineers. The overall position of advances received by the Additional Chief Engineer, Central Public Works Department from the Delhi Development Authority and the expenditure incurred by various Special Divisions during the period from August, 1961 to March 1962 is as follows:—

	Advance received upto March, 1962	Expenditure incurred upto March, 1962	Difference
Spl. Divn. No. II	30,42,440	26,18,948	—4,23,492
Spl. Divn. No. III	2,05,000	46,360	—1,58,640
Spl. Divn. No. IV	7,01,092	2,37,677	—4,63,415
Spl. Divn. No. V	5,000	3,481	—1,519
	<u>39,53,532</u>	<u>29,06,466</u>	<u>10,47,606</u>

The Zonal Additional Chief Engineer (Delhi Admn.) C.P.W.D. started functioning from July, 1961. The year of 1961-62 was the starting year for taking up the execution of the schemes of "Large Scale Acquisition, Development and Disposal of Land relating to the Delhi Development Authority. The Delhi Development Authority ascertained the estimated amount required for the execution of works under the above schemes by the different divisions of the C.P.W.D. for the entire period of the year i.e. from August, 1961 to March, 1962 and, accordingly the requirements of funds based on the estimated cost of the works taken in hand were furnished to them. This procedure is in accordance with the provisions of para 409 of the C.P.W.A. Code for "deposit works," which lays down that when a deposit work is to be carried out by the Public Works Department, the local body or the party concerned should advance the gross estimated expenditure to the Divisional Officer in the one lump sum or in instalments.* * * The funds obtained by the various Divisions were on the basis of the estimated cost of the works taken up for execution. In the absence of any special procedure for Delhi Development Authority works, the normal codal rules applying to "deposit works" were followed.

The system of furnishing quarterly requirements of funds to the Delhi Development Authority was brought in force from April, 1962".

(ii) The observations of the Committee have been brought to the notice of the Additional Chief Engineer (Delhi Administration), Central Public Works Department to ensure that large balances are not left unspent with Executive Engineers at the end of each month.

Recommendation

It being a well-established procedure that before any schemes are sanctioned, the details as well as the estimates of expenditure are prepared and scrutinised, the Committee fail to understand why the delays and difficulties in execution of the schemes costing Rs. 8 crores could not be foreseen by the experts in the Delhi Development Authority and the C.P.W.D. before the schemes were sanctioned. Since the initial difficulties are now being gradually overcome, they hope that the progress of work on the execution of the schemes will now be accelerated. They would like to have a detailed progress report regarding the execution of these schemes.

[S. No. 15 of Appendix to 18th Report.]

ACTION TAKEN

A detailed note on the subject giving information asked for by the Public Accounts Committee is enclosed.

ENCLOSURE

A statement showing the up-to-date position of the schemes for development of land for residential and industrial plots and construction of roads as approved during the year 1961-62 is enclosed. The schemes cover a gross area of 2,018 acres involving an estimated outlay of Rs. 8.03 crores as summarised below:—

		Gross Area (acres)	Estimated outlay (crores)
1. Residential Schemes	(6 Nos.)	1,197	4.52
2. Industrial Schemes	(4 Nos.)	821	3.07
3. Roads not included in the above.	(4 Nos.)	..	0.44
		2,018	8.03

2. According to the prescribed procedure relating to these schemes, work relating to socio-economic and engineering surveys required for the preparation of layout plans, and preparation of engineering schemes and financial estimates for the purpose of administrative approval and expenditure sanction to the schemes is done by the Delhi Development Authority. The actual execution of the works after expenditure sanction has been accorded is carried out by the C.P.W.D. as 'Deposit Works' on behalf of the Delhi Development Authority. Out of the total estimated outlay of Rs. 8.03 crores the expenditure on development (i.e. excluding expenditure on acquisition of land) is estimated at Rs. 3.99 crores. Against this, the up-to-date expenditure on these works to end of March, 1964 amounts to Rs. 1.74 crores as detailed below:—

	Estimated cost of development	Actual expenditure to end of March, 64
	Rs. (crores)	Rs. (crores)
(f) Residential Schemes	1.98	0.92
(ii) Industrial Schemes	1.77	0.67
(iii) Road Schemes	0.24	0.15
TOTAL	3.99	1.74

3. The above figures related to schemes approved in 1961-62. During the following years (1962-63 and 1963-64), a large number of further schemes were sanctioned and taken up for execution. By the end of the 3rd Five Year Plan period (1965-66), the Delhi Development Authority expects to develop over 6,000 acres of land for residential purposes, establishment of industries, district centres, community centres, etc. The up-to-date position of all the schemes already sanctioned and under formulation is summarised below:—

	Residential (acres)	Industrial (acres)	Commercial (acres)	Misc. (acres)	Total (acres)
(1) Scheme sanctioned, where engineering work is in hand.	1,333	2,243.2	..	152.52	3,728.72
(2) Scheme for which sanction is about to issue	..	43.75	..	..	43.75
(3) Schemes under preparation					
(a) Layout plans prepared and engineering schemes under preparation	431	30.00	..	..	461.00
(b) Areas for which layout plans are under preparation	600	75.00	122	8.00	805.00
(c) Areas for which surveys are to be taken up.	530	600.00	17	40.00	1,187.00
	2,894	2,991.95	139	200.52	6,225.47

4. The up-to-date expenditure, on development alone to end of March, 1964 on all the schemes under execution is Rs. 2.98 crores.

In three of the schemes taken up during the year 1961-62, the development work is now practically complete and a large number

of plots has been disposed of as indicated below:—

- (i) Residential scheme on Najafgarh Road All the 652 plots available for sale to the public have been disposed of by draw of lots and by auction.
- (ii) Residential scheme west of Safdarjang Hospital. Upto end of October, 1964, a total of 990 plots were disposed of by auction and draw of lots.
- (iii) Industrial scheme Jhilmila Tahirpur (Shahdara). Proposals to allot the plots to Industrialists to be shifted from non-conforming areas are almost complete.

5. The C.P.W.D. has so far been the agency for execution of development works of the D.D.A. The Delhi Development Authority has recently decided to carry out certain housing and other schemes directly with the assistance of Architect-firms of repute. Tenders have been accepted in respect of some housing schemes and are under consideration in respect of others

Statement showing the Schemes as approved during 1961-62

Serial No.	Scheme	Gross Area	Amount sanctioned in lakhs of Rs.	No. of plots	Present stage of execution.
1	2	3	4	5	6
A. Residential				(80 to 800 sq. yds.)	Sept., 64
1	Najafgarh Road in West Delhi	65.00	24.00	910	100%
2	West of Safdarjang Hospital in South Delhi	271.10	118.00	1,682	91.4%
3	Near Jhilmila Tahirpur in Shahdara	153.00	55.27	1,123	71.5%
4	East of Kailash Colony in South Delhi	300.00	100.36	1,477	19.5%
5	Near Wazirpur Village in North Delhi	246.55	87.34	2,023	22.45%
6	East of Ring Road and North of Nuriانا Village in West Delhi	161.60	67.07	1,211	68.75%
TOTAL (Residential)		1,197.25	452.04	8,426	..

1	2	3	4	5	6
B. Industrial					
1.	Jhilmila Tahirpur in Shahdara	89·91	35·00	77	83%
2.	Near Rampur Village on Lawrence Road in North Delhi.	195·10	77·21	176	89%
3.	Along the Railway Line to Rewari and South West of the Ring Road in West Delhi.	135·95	49·57	169	97·55%
4.	Near the Okhla Marshalling Yard in South Delhi	400·00	145·54	140	47%
TOTAL (Industrial)		<u>820·96</u>	<u>307·32</u>	<u>562</u>	
GRAND TOTAL					
(Residential and Industrial)		2,018·00	759·36		
C. Roads					
1.	Construction of a road near Okhla linking Mehrauli-Badarpur Road and Chirag Delhi Kalkaji Road		16·63	..	99%
2.	Construction of a road running parallel to the Cantonment railway line and its West and connecting Jail Road on its South and Patel Road on the North . . . . .	..	14·14	..	60%
3.	Construction of a road joining Patel Road to the Ring Road running West of the Pusa Institute . . . . .	..	8·33		67%
4.	Construction of a road connecting the Mathura Road with the proposed road joining Badarpur-Mehrauli Road and Chirag Delhi-Kalkaji Road on the West of Okhla Industrial Estate		4·52	..	100%
TOTAL (Road Schemes)			<u>43·62</u>		
GRAND TOTAL					
(Residential, Industrial & Road Schemes)		2,108 Acres		Rs. 802·98 lakhs (Rs. 8·03 crores).	

Audit Observations

Serial No. 15:

The position could not be verified as no consolidated record in respect of the areas and outlay of various Schemes were made available to Audit.

COMMENTS OF THE GOVERNMENT

If the staff deputed by the A.G.C.R. had any difficulty in verifying the position detailed in the note, the fact should have been brought to the notice of some responsible officer of the Delhi Development Authority. Necessary facilities can be afforded for the purpose even now.

Recommendation

While agreeing that the problem of eviction of displaced persons has to be tackled from a human angle, it cannot be denied that unauthorised occupation of Government lands is a clear defiance of law. The Committee find no justification for the failure of the Authority even to take a census, during a long period of time, of the unauthorised occupants in order to see, who were bonafide displaced persons and who were not. As a result, no distinction has been made between the people who had come as a result of partition and the other squatters. It is unfortunate that the Authority are also not quite sure whether fresh encroachments have not been made during these years and they have expressed their helplessness to find any effective remedies to stop these encroachments. Such failures and lapses are regrettable.

The Committee trust that with the coming into force of the Delhi Development (Amendment) Act, 1963 (No. 56 of 1963), the Delhi Development Authority will be able to tackle the problem in a competent manner and would be able to recover the damages (Rs. 46.68 lakhs) at least from unauthorised occupants who are not bonafide displaced persons.

[S. No. 16 of Appendix to 18th Report.]

ACTION TAKEN

A detailed survey of squatters on its lands had been made by the then Delhi Improvement Trust in the year 1951 and later in the year 1956. The Delhi Development Authority also carried out a survey of squatters in the year 1959 according to which 18,245 families were found squatting on Delhi Development Authority lands, out of which 14,066 were residential and 4,179 commercial. On account of the

policy of the Government to evict squatters only when alternative sites are provided for them, it was not possible for the Delhi Development Authority to evict the squatters. However, 1,562 families have since been evicted and were given alternative accommodation by the Municipal Corporation of Delhi under their Jhuggi Jhopri Scheme. The Ministry of Works & Housing and Delhi Administration have also been approached to give priority to the eviction of squatters on D.D.A. lands and it is hoped that as and when more plots are made available by the Municipal Corporation of Delhi for the shifting of squatters, it will be possible to shift a large number of them.

The Authority is taking all possible measures to check further encroachment by demolition of recent unauthorised structures etc. A Police Guard has recently been sanctioned for the Jhandewala area and the provision of barbed wire fencing of lands from which encroachers are evicted has also been sanctioned. Actually some of the important areas have since been fenced to prevent further squatting.

Concerted measures are being taken to recover the outstanding damages as quickly as possible and in spite of many difficulties the Authority has been able to recover progressively larger amounts by way of damages from unauthorised squatters from year to year as detailed below:—

	(Rs. in lakhs)
1958-59	0.44
1959-60	1.58
1960-61	2.61
1961-62	2.82
1962-63	6.51
1963-64	7.83
TOTAL	21.79

In the matter of levy of damages, the Authority has since decided to apply the pre-August 1950 rates to all residential squatters and this will expedite the pace of assessment and recovery of damages. The pre-August 1950 rates of damages are one-third of the post-August 1950 rates. The difference between the two rates being substantial, the post-August 1950 encroachers always tried to make out a case to prove that they had been there from before 1950 in order to get the benefit of the lower rates. This involved litigation with the result that the work connected with assessment of damages and consequent recovery thereof was delayed.

The Delhi Development (Amendment) Act, 1963 does not contain any provision bearing on the problem of unauthorised squatters on the Authority's lands. Presumably the reference is to the Public Premises (Eviction of Unauthorised Occupants) Amendment Act, 1963. The provisions of this Act are being availed of, where necessary, both for the purpose of recovery of damages and eviction of unauthorised squatters.

Recommendation

The Committee were informed in evidence that the Mills had since surrendered the excess area of 6.78 acres which was in their unauthorised occupation. According to Audit, damages for this unauthorised occupation are estimated to be about Rs. 12 lakhs @ Re. 1 per square yard per month. The Committee would like to know what action has been taken to levy damages and realise the same from the mills.

[S. No. 17 of Appendix to 18th Report].

ACTION TAKEN

From the Audit point of view, the figure of Rs. 12 lakhs indicated in the Audit Report was based on the rationalised rate of damages for commercial use of lands for factories worked out in July, 1961 and which was under the consideration of the D.D.A. It has already been intimated to Audit that in working out the figures of Rs. 12 lakhs as damages, they did not take note of the following factors:—

- (a) the rates referred to by them were only proposals which were still to be considered by the Authority;
- (b) no rates were proposed for Najafgarh Road Industrial Area where land was allotted to the Delhi Cloth Mills nor was there any proposal to levy any average rate of damages;
- (c) the proposed rates were, by and large, for developed lands whereas the land in question was undeveloped;
- (d) similar land was leased out by the Delhi Cloth Mills to a Government Department at Rs. 4,000 per acre per annum whereas Audit has taken the rate as Re. 1 per sq. yd. per month which works out to Rs. 58,080 per acre per annum;

The basis of calculation of damages to the extent of Rs. 12 lakhs was also not discussed by the A.G.C.R's staff at the time of local audit.

The Authority considered the matter of rates of damages *vide* Resolution No. 325, dated the 4th June, 1964 and have suitably modified the rates both for commercial and residential squatters to the extent considered necessary. Since there was nominal squatting in the acquired areas like Najafgarh Road Industrial Area, the Authority has not fixed any rates of damages therefor. It is at the discretion of the Estate Officer to assess the damages at an appropriate rate in accordance with the principles laid down in the Public Premises Rules.

A notice under section 7(2) of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958, and of damages amounting to Rs. 50,760 from 22nd November, 1959 to 25th July, 1963, was issued against the Mills on 7th November, 1963. The Mills had filed written objections, which were considered by the Authority, and it observed that there had been mistake on both the sides resulting in the occupation of excess land by Delhi Cloth Mills who had no *malafides* in the matter. In view of this, and the fact that the Delhi Cloth Mills had not put this 6.78 acres of land to any use whatsoever, the Authority resolved *vide* of Resolution No. 627, dated the 14th September, 1964. (Annexure) that no damages need be charged for this.

The excess land was apparently made over to the Delhi Cloth Mills through inadvertance by the erstwhile Delhi Improvement Trust.

ANNEXURE

DELHI DEVELOPMENT AUTHORITY

COPY OF RESOLUTION NO. 627 PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 14-9-1964.

SUBJECT.—*Fixation of rate of damages from the Delhi Cloth Mills for the land measuring 6.78 acres of land situated in Industrial Area, Najafgarh Road.*

While dealing with the Report of the Public Accounts Committee (1963-64) on the Delhi Development Authority, the Standing Committee desired to know the basis on which damages amounting to Rs. 50,760/- had been calculated and shown in the notice served on the Delhi Cloth Mills under the Public Premises (Eviction of Unauthorised Occupants) Act. This is explained below:—

2. In the Industrial Area Scheme on Najafgarh Road an area of about 250 acres was to be allotted to the Delhi Cloth Mills. The possession of land was handed to the Mills as and when it was acquired by the Land Acquisition Collector and a total of about 180 acres of land was handed over to the Mills. This fact was intimated to them in our letter No. F. III-1 dated 12-7-1950. It was, however, noticed on 27-11-1959 that the Delhi Cloth Mills were in possession of 6.78 acres of land in excess. The matter was taken up with the Mills and the excess area was surrendered by them to the Delhi Development Authority on 25-7-1963.

3. In the Audit Report it was pointed out that no recovery of damages was made from the Delhi Cloth Mills for their unauthorised occupation of the excess area. As there was no approved rate of damages in the Industrial Area on Najafgarh Road, it was decided, after discussion with the then Vice-Chairman and the then Finance Member that the Mills might be charged damages at the rate of $7\frac{1}{2}\%$ p.a. on the price of the land in question. This price was worked out on the basis of the figure claimed by the Mills from Hindustan Insecticides Ltd., (a Government of India Undertaking) in respect of the 5.135 acres of land leased out by the Mills to that undertaking and intimated to the Authority in their letter No. MDS/25/1428 dated 30-7-1963, copy at Appendix 'B' Page A-2).

On this basis, the damages worked out to Rs. 13,864/- p.a as detailed below:—

“Price of 5.135 acres of land	Rs. 1,40,000.00
Therefore the price of 6.78 acres of land	Rs. $1,40,000 \times 6.78$
	5.135
	=Rs. 1,84,848.00
7-1/2% of Rs. 1,84,848.00	=Rs. 13,864.00”

4. Notice was accordingly issued on 7-11-1963 to the Delhi Cloth Mills claiming damages for 6.78 acres of land from 27-11-1959 to 25-7-1963 at Rs. 13,864/- p.a. working out to a total of Rs. 50,760/-.

5. The Standing Committee considered the matter in its meeting held on the 31st August, 1964, and noted the rate of damages adopted for the assessment of damages in regard to 6.78 acres of land against the Delhi Cloth Mills and recommended that this be also brought to the notice of the Delhi Development Authority.

6. The matter is now submitted to the Authority for their information as recommended by the Standing Committee in para 5 above.

[No. ST/EO. II/1964/9.]

RESOLUTION

The matter was discussed at length in the Delhi Development Authority and it was felt that in this case, there had been mistake on both the sides resulting in the occupation of excess land by Delhi Cloth Mills who had no *malafides* in the matter. In view of this and the fact that the Delhi Cloth Mills had not put this 6.78 acres of land for any use whatsoever, it resolved that no damages need be charged for this.

Note.—Shri Bhiku Ram Jain withdrew when this item was taken up.

No. 628.

SUBJECT:—*Permission to sell the land measuring about 13 acres to M/s Hindustan Insecticides.*

A request has been made by the Delhi Cloth and General Mills Co. Ltd., *vide* their letter dated 24th June, 1964 (Appendix ‘C’ page A-3) that out of the land measuring 181.04 acres sold to them at Najafgarh Road by the Delhi Development Authority *vide* sale-deed, dated 20th May, 1964, they may be permitted to sell an area of

13 acres to the Hindustan Insecticides Ltd., Delhi. They have intimated that this area of 13 acres includes an area of 5.135 acres already leased out by them to the Hindustan Insecticides Ltd., Delhi and that this entire area of 13 acres is to be sold to the Hindustan Insecticides Ltd. at the rate of Rs. 26,290 per acre including an amount of Rs. 38,000 which is due from the Hindustan Insecticides Ltd. on account of arrears of ground rent from the time the land was leased out to them i.e. since 1953. The permission of the Delhi Development Authority is sought under clause 3(iii) of the said sale-deed, which is reproduced below:—

“If within the next 15 years following from the date of registration of the sale-deed, the vendees desire to sell the said land or a portion of it, they shall give to the Vendor the first offer to purchase it on payment of the same price at which the Vendor sold it to the Vendees together with the price of the buildings or other improvements if done on the land by the Vendees. Provided, in case of disagreement the matter shall be referred to the Arbitration of the Chief Commissioner, Delhi or his nominee and the decision of the Arbitrator shall be final and binding on the parties. The arbitration proceedings shall be regulated according to the Indian Arbitration Act, 1940.”

2. The above mentioned clause of the sale-deed gives to the Delhi Development Authority in fact a right in the nature of pre-emption to purchase the land at the same price at which the Vendor sold it to the vendees (Delhi Cloth and General Mills) together with the price of the buildings or other improvements if done on the land by the vendee when the vendee desires to sell the said land to any person. The land had been sold to the Delhi Cloth and General Mills at about 00:43 nP. per sq. yd. while they are proposing to sell it to Hindustan Insecticides Ltd. at about Rs. 5.43 nP. per sq. yd. (Rs. 26,290 per acre).

3. The land had been given to the Delhi Cloth Mills for their own use and not for sale and to earn profit by such transactions. In view of this it looks reasonable that the Delhi Development Authority should exercise its right under the terms of the sale-deed and ask the vendees (Delhi Cloth Mills) to sell the said land to us at the price at which we sold the same to them. It would also require to be ascertained as to whether or not any buildings etc. are standing thereon and whether any further amount would be required to be paid in regard thereto or for improvements if any carried on by them on the said land.

APPENDIX 'B' TO ITEM NO. 627

COPY OF LETTER No. MDS-25/1428, DATED 30TH JULY 1963, FROM THE FINANCIAL CONTROLLER AND SECRETARY, HINDUSTAN INSECTICIDES LIMITED, INDUSTRIAL AREA, ROHTAK ROAD, NEW DELHI-15, ADDRESSED TO THE SECRETARY, DELHI DEVELOPMENT AUTHORITY, NEW DELHI.

Payment of lease money to the Delhi Cloth & General Mills Ltd., Delhi.

With reference to your letter No. S. 10(1)/59, dated July 10, 1963, on the above subject, I am to state that the actual area of land acquired by us from Delhi Cloth and General Mills is 5.135 acres on which a sum of Rs. 4,108.00 was paid by us towards lease money for the period July, 1953 to June 1954. Subsequent payments have not been made under instructions of the Government of India. It has now been decided to purchase the whole land on payment of Rs. 1,40,000.00.

Steps are being taken to execute the sale-deed to finalize the issue.

Recommendation

It, therefore, passes the comprehension of the Committee how, when the Agent of the Delhi Cloth & General Mills Company Ltd. had himself specified in the application dated 29th/31st May, 1937 that the land was meant "for the purpose of eventually building our Mills there" and the D.I.T. had taken note of this in its Resolution No. 78 dated 28th March, 1940, the condition that Delhi Cloth Mills should transfer their existing factories to the Industrial area (which was envisaged from the very beginning) was not specifically mentioned in the subsequent resolution No. 19 which the D.I.T. passed on the 9th January, 1942.

It is incomprehensible that such a serious lapse could be just an inadvertent omission. The Committee note that the Managing Director and Agent of the Mills who had been corresponding with the Improvement Trust for the allotment of land was himself a Member of the Trust Board and that the resolutions were passed during his tenure of membership of the trust (from 1937 to 1950). Since no record of discussion that led to the adoption of the resolution in the D.I.T. has been maintained, it may not perhaps be possible now to unravel the mystery fully. The Committee would urge the Government to review the position and take such remedial action as is possible at this stage.

[S. No. 18 of Appendix to 18th Report].

ACTION TAKEN

The matter has since been considered by the Delhi Development Authority. The D.D.A. has entered into a formal sale deed with the Delhi Cloth Mills on 20-5-64. The preamble to the Sale Deed clearly indicates that the intention of the allotment of land to the Company was for the removal of their establishment from the city area to the said land.

According to the provisions of the Master Plan of Delhi, the Delhi Cloth Mills are a non-conforming user and will have to shift their establishment in due course.

Audit Observation

Serial No. 18

The Committee recommended in February, 1964, that the Government should review the position regarding the specific purpose for which the land was allotted to the Mills as the sale deed with the Mills had not been executed till then. It is, however, observed that the sale deed which could not be executed since 1948 was finalised within a period of 3 months without bringing to the notice of the Committee the remedial action taken by the Government.

The Additional Solicitor General in his opinion given in February, 1959, held that it would not be possible to establish that the land given to the Company was on the basis of a condition, expressed or implied, that the Company would shift its existing Mills from the present site to the land given in Najafgarh Industrial Area. In view of this, it is not clear why the 'intention' of the allotment of land to the Company was not included as a condition in the 'sale deed', with appropriate time limit, instead of citing it in the preamble to the sale deed.

It has been stated that according to the provisions of the Master Plan the D.C.M. have to be shifted from the original location in due course. But it has not been made clear whether alternative land has to be again allotted to the Mills for the purpose, or Government will be able to eject the Mills from the existing place on the basis of the preamble to the "sale deed" of land allotted in Najafgarh Area.

COMMENTS OF THE GOVERNMENT

In this case the sale-deed was executed in consultation with the Ministry of Law the Additional Solicitor General of India, to whom the case was referred was of the opinion that "it will not be possible

to establish that the land given to the Company or proposed to be given to the Company was on the basis of a condition express or implied that the Company will shift its existing Mills from the present sites to the lands given or proposed to be given as herein before stated. Such condition does not appear in the resolution mentioned in the statement of cases."

Under these circumstances the Mills could not be forced to agree to inclusion of this condition in the operative portion of the agreement.

When the Delhi Cloth Mills is required, under the Master Plan, to shift their mills from the present site, alternative land would be allotted to them in terms of the Government of India, Ministry of Home Affairs letter No. F. 37/16/66-Delhi(i), dated 2nd May, 1961, relating to the scheme for large scale acquisition, development and disposal of land in Delhi.

In this connection it may be added that a detailed note on the case has already been submitted in the reply to point No. 15 of the list of points on which the Public Accounts Committee desired further information in their sitting held on 15th January, 1965, vide Ministry of Health letter No. F. 2-2/65-LSG-I, dated 1st February, 1965, addressed to the A.G.C.R. and a copy to the Lok Sabha Secretariat.

Recommendation

The Committee cannot, therefore, escape the conclusion that the primary object of the Industrial Area Scheme, that is relief of congestion resulting from the shifting of the Mills from the city area, for which such a large area was allotted to the Company at a very cheap rate of -/3/9 pies per square yard, has not been achieved. The Scheme has thus, in the opinion of the Committee, worked to the detriment of the interests of Government and the serious lapses on the part of the D.I.T. have enabled the Delhi Cloth Mills to gain an unfair advantages from the Scheme.

[S. No. 19 of Appendix to 18th Report].

ACTION TAKEN

In its initial stages of the preparation of the scheme the response from industrialists was not very encouraging. Indeed, doubts were expressed whether demand of land in this scheme would be sufficient to make it a financial success. To secure this, it was thought that efforts should be made to obtain a reasonable guarantee for

disposing of 500 acres of land and to attract really influential industrialists to this area.

When the Industrial Area Scheme first got going, letters were issued over the period September, 1939 to May 1940 to all people who had submitted applications asking them for various information about the size of the plot required, the purpose for which it was wanted, etc. and in May 1940 definite letters were issued inviting applications on a specially prepared form.

It was with great difficulty and after a good deal of propaganda through the Superintendent of Industries, Delhi, and local industrial organisations that some of the factory owners in the city could be persuaded to take plots in this area, and that too at rates only sufficient to cover the estimated cost of acquisition and development plus administration charges. In the initial stages industrialists had considerable doubt as to the eventual success of the scheme, and but for the stimulating effect of the War—a factor quite unanticipated and unforeseen when the scheme was initiated—these doubts might have come true.

The case of the Delhi Cloth Mills was considered from the very beginning as special and separate one. From an early stage in the Trust's dealings with the scheme the Delhi Cloth Mills expressed the desire to take up land there. They were considered to have a very strong claim for allotment of land for the reason that it was anticipated that this would secure the advantage of the establishment of a big concern in the area thereby assisting the success of the scheme. The rate ultimately charged to them worked out to 43 nP and not -/3/9 per square yard. It is, however, true that the company has derived unintended benefit from the scheme.

Recommendation

The Committee are perturbed to note the attitude taken by the Delhi Cloth Mills with regard to the land for the D.D.T. Factory in demanding the price of Rs. 40,000 per acre, as against the price of Rs. 1,134 per acre at which the land was made available to them by the D.I.T. It is very strange indeed that they should have tried to go back on the solemn assurance given by their Managing Director that they had intention of speculating in land and to ignore the condition that "if within the next 15 years following from the date of registration of the sale deed the Company desire to sell the said land or a portion of it, it shall give the Trust the first offer." They would like Government to examine immediately what remedial steps, including acquisition of the land for the D.D.T. Factory should

be taken to stop this irregular financial benefit to the company at the expense of Government.

[S. No. 20 of Appendix to 18th Report].

ACTION TAKEN

The views of the Government of India have since been communicated to the Lok Sabha Secretariat by the Ministry of Petroleum and Chemicals *vide* their Office Memorandum No. ASI-25(2)/64, dated the 5th June, 1965.

The matter regarding exercise of the Delhi Development Authority's right of first option to purchase the land from the Mills on payment of the original price was examined by the Authority and it was decided, *vide* Resolution No. 65, dated 8th February, 1965, not to press this right under the circumstances stated in the resolution. A copy of the Resolution is enclosed. (Annexure)

Audit Observation

Serial No. 20

It is observed that the D.I.T. gave a notice to the Mills in October, 1952, demanding that the portion of the land proposed to be leased out to D.D.T. factory should be transferred to the Trust. The D.C.M. took the stand that the proposal being for the 'lease' of the land, the question of surrender did not arise. Subsequently, the 'lease' was changed to a "sale". In view of this, it is not clear why the question of pre-emption was not considered before the sale deed was executed in May, 1964, particularly when the Public Accounts Committee in their Report submitted in February, 1964, desired that the remedial steps should be taken to stop the irregular financial benefits to the Company.

ANNEXURE

DELHI DEVELOPMENT AUTHORITY

COPY OF RESOLUTION No. 65, PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 8-2-65.

SUBJECT:—*Land for D.D.T. Factory at Najafgarh Road, Industrial Area, New Delhi.*

Attention is invited to resolution No. 628, dated 14th September 1964, wherein the Authority decided that instead of permitting the Mills to sell to H.I.L. an area of 13 acres out of the land measuring 181.04 acres sold to them at Najafgarh Road *vide* sale deed, dated 20th May, 1964, they would exercise their right under clause 3(iii) of the sale deed to buy the same from the Mills at the same price at which the land was originally sold to the Mills and also to pay to the Mills for the improvement etc. done on it by them.

2. The above position was conveyed to the Mills on 3rd October, 1964, but no final reply has so far been received from them.

3. The Government of India, Ministry of Health, have now forwarded a copy of the note (appendix 'H' pages A-54 to A-56) prepared by the Ministry of Petroleum and Chemicals on the observation made by the Public Accounts Committee at Serial No. 20 (para 24) of their 18th Report on the working of the Delhi Development Authority for examination by the Delhi Development Authority.

4. The main point of the above note that needs examination is contained in its para 7 and 8, which are reproduced below:—

“On examination of H.I.L., acquisition of land was however, not found economical. The matter was further examined and in view of the legal difficulty in the Delhi Improvement Trust resuming the land and the high cost of acquisition under the Land Acquisition Act, it was decided to purchase the land from Delhi Cloth Mills at a negotiated price. As a result of negotiations with Delhi Cloth Mills, it was finally decided to purchase 5.135 acres of land for D.D.T. Factory at a cost of Rs. 1.35 lakhs (inclusive of arrears of about Rs. 30,000 of lease money) in addition to the lease money of Rs. 4,108 paid by H.I.L. in 1953. H.I.L. have paid the sum of Rs. 1.35 lakhs to Delhi Cloth Mills.

After the execution of the sale deed between the H.I.L. and Delhi Cloth Mills, the Delhi Development Authority would forego their rights to have the first option to purchase this land from the Mills on payment of the original price, on the specified ground that the piece of land was to be sold by the Mills to the Government for H.I.L."

5. The Standing Committee to whom the case was submitted for consideration and making its recommendations to the Authority as to whether or not in view of the circumstances stated in para 7 and 8 of the above note, the Authority should forego its right to purchase the land from the Mills under clause 3(iii) of the sale-deed between the Delhi Development Authority and the Mills, desired in its resolution No. 4 dated 11th November, 1964 that the matter be brought to it again after obtaining the advice of the Legal Adviser of the Delhi Development Authority on the under-mentioned points:—

- (i) Whether at the existing stage it would be legally correct for the Delhi Development Authority to press for its right of pre-emption.
- (ii) Will this require the Delhi Development Authority to take resort to the civil court for the enforcement of this right of pre-emption?
- (iii) The probable results of such a step i.e. will the Delhi Development Authority succeed in obtaining this 5.135 acres of land compulsorily from the Delhi Cloth Mills at the original price at which the Delhi Development Authority sold the land to the Delhi Cloth Mills and would then be free to allot it to the D.D.T. Factory and whether the H.I.L. would be able to get back the amount of Rs. 1.35 lakhs reported to have already been paid by them to the Delhi Cloth Mills towards the cost of this land.

6. The advice of the Legal Adviser, Delhi Development Authority on the above points has since been obtained and the same as reproduced below:—

"In my opinion the three question posed in the resolution, dated 11th November, 1964, of the Standing Committee can be answered as follows:—

- (1) The answer to the first question is in the affirmative. The Delhi Development Authority can enforce the term of the agreement against the transferee for consideration provided he had knowledge of this term of the agreement between the Delhi Development Authority and the Delhi Cloth Mills.
- (2) The answer to the second question is in the affirmative.

In case the transferee chooses to contest the case there is no way other than to enforce our right through the process of the court.

- (3) The Delhi Development Authority may succeed in getting possession of the land from the transferee for consideration in case they succeed in proving in a court of law that the transferee had full knowledge of the term as contained in clause 3(iv) of the sale-deed executed between the Delhi Development Authority and the Delhi Cloth Mills. Although the burden to prove their ignorance about this particular term rests heavily on the transferee for consideration yet the possibility of their proving the same cannot completely be ruled out.

Therefore, in case the transferee for consideration succeeds in proving their bonafides and ignorance about this particular term, the Delhi Development Authority will be left only with the option to claim damages from the Delhi Cloth Mills for the breach of this part of the agreement.

In case the Delhi Development Authority succeed in getting the land from the transferee for consideration then, naturally, they will be free to allot it to whomsoever they want.

So far the amount of Rs. 1.35 lakhs reported to have already been paid by the transferee to the Delhi Cloth Mills towards the cost of this land is concerned, naturally, if we succeed in establishing that the transferee had full knowledge about the term as contained in clause 3(iv) of our sale-deed with the Delhi Cloth Mills then we shall be liable to pay only the price that we were liable to pay under our agreement and not the amount that the transferee had paid to the Delhi Cloth Mills as cost. It would be for the transferee to recover the balance from the Delhi Cloth Mills."

7. The Standing Committee considered the matter in its meeting held on the 20th January, 1965 and recommended that—

- (i) We should exercise the right of compulsory purchase from the Mills at the same price at which the land was originally sold to them as per clause 3(iv) of the sale-deed.
- (ii) if necessary, resort be had to the civil court for the enforcement of the above right; and
- (iii) the Government of India, Ministry of Health, may also be informed accordingly.

8. The matter is now submitted before the Authority for according their approval to the recommendations of the Standing Committee as in para 7 above.

(No. F. 7/58-Pt.)

RESOLUTION

The Authority considered the matter at length. It was felt that since the Ministry of Petroleum and Chemicals have not only negotiated with the D.C.M. that they were ready to purchase 5.135 acres of land for the D.D.T. Factory at a cost of Rs. 1.35 lakhs or so but had gone to the extent of actually having paid the amount to the D.C.M., it had become almost a *fait accompli* and as the Government themselves were a party to these negotiations with the knowledge that the Delhi Development Authority had the option of the first purchase in respect of this land, little purpose was likely to be served at this stage, by refusing to forego D.D.A.'s right of first option to purchase this land from the Mills on payment of the original price.

The Authority, therefore, resolved that under the circumstances stated above the Delhi Development Authority agrees not to press their option of first purchase available to it under the sale-deed executed between the Delhi Development Authority and the D.C.M.

Note.—Shri Bhiku Ram Jain withdrew when this item was taken up.

Appendix 'H' to Item No. 65

SUBJECT:—*Land for D.D.T. Factory at New Delhi.*

Recommendation made by the P.A.C. (1963-64) in para 24 of their Eighteenth Report (Third Lok Sabha).

"The Committee are perturbed to note the attitude taken by the Delhi Cloth Mills with regard to the land for the D.D.T. Factory in demanding the price of Rs. 40,000 per acre, as against the price of Rs. 1134 per acre at which the land was made available to them by the D.I.T. It is very strange indeed that they should have tried to go back on the solemn assurance given by their Managing Director that they had no intention of speculating in land and to ignore the condition that "if within the next 15 years following from the date of registration of the sale deed the Company desire to sell the said land or a portion of it, it shall give the Trust the first offer." They would like Government to examine immediately what remedial steps, including acquisition of the land for the D.D.T. Factory should be taken to stop this irregular financial benefit to the Company at the expense of Government."

The original intention while drawing up the scheme for the production of DDT in India was to make the DC Mills a minority partner in the scheme. The manufacturing scheme had to be based on the satisfactory availability of raw materials, principally chlorine, sulphuric acid/oelum and alcohol and it was primarily on the availability of these and electricity, water, steam etc. that a site adjacent to the DC Mills was selected for the establishment of the D.D.T. Factory, Delhi. A recital for the D.C. Mills furnishing the site and supplying some of the component raw materials for the manufacture of DDT and being a minority partner was also, therefore, included in the plan of Operations concluded on 19th July, 1952, with the WHO and the UNICEF. The position was, however, changed later and the Government of India decided not to associate the DC Mills as partners in the scheme and the recital in the Plan of Operations was changed accordingly.

2. The contract for the drawal of raw materials from the DC Mills was, however, concluded and the Factory was put up on a land belonging to the DC Mills. The negotiations for the supply of raw materials and land were commenced in July 1951.

3. This land formed a part of 179·99 acres of land in Najafgarh Industrial Estate handed over by the Delhi Improvement Trust to the DC Mills at annas 2 and 9 pies per sq. yard. A copy of Resolution No. 19 passed at an ordinary meeting of the Delhi Improvement Trust, New Delhi on the 9th January, 1942 is attached (Annexure I). In May 1952, the Government of India suggested to the DC Mills that the land selected for the DDT Factory should either be leased out on a nominal rent for 99 years, or in the alternative, the land might be made available on the same terms on which the Delhi Improvement Trust leased out to them, and that Government would pay taxes etc. In August, 1952, the DC Mills offered to give 1½ acres of land on a nominal rent and the remaining land on sale at current market price *viz.* Rs. 40,600 per acre. Later they were agreeable to surrender the land provided an equivalent area contiguous to their property was acquired and given to them in exchange.

4. In April, 1953, the DC Mills offered to give 5 acres of land on rental calculated on the basis of the market price of land. This worked out to a little over Rs. 9,000 a year on the basis of taking a return of 6¼ per cent on that. After discussion, the Company agreed to lease 5 acres of land at an annual rental of Rs. 4,000 per year, for as many years as the Government might decide to have. As the cost of land acquired through Delhi Improvement Trust was estimated to be Rs. 30,000 per acre, on 25th April, 1953, the acceptance of the offer of lease of 5 acres of land at an annual rental value of Rs. 4,000 was communicated to DC Mills on the basis of lease for 99 years. The land was taken over in July, 1953. The bills of DC Mills for lease money amounting to Rs. 4,108·62 were paid to H.I.L. by November, 1954, when further payments were withheld pending Government's decision.

5. In May, 1954, a notice was issued to the DC Mills by the Delhi Improvement Trust for the transfer of the land in question to the Trust so that the land could be placed at the disposal of DDT Factory. The D.C.M. took the stand that the proposal being for the lease of the land (and not for sale), the question of surrender of the land to the Trust in terms of the conditions of sale did not arise. In November, 1954, the Delhi Improvement Trust stated that under the terms of the Trust's Resolution, there was no legal bar to the DC Mills giving lease of the land to Government and the permission of the Trust was not necessary in the case of the lease.

6. The possibility of the Delhi Improvement Trust resuming the land in question was then examined. According to the legal opinion obtained by the Ministry of Health, the possibility of the Delhi Improvement Trust resuming from the DC Mills the land occupied

by the DDT Factory was ruled out. In view of the advice given by the Solicitor General, the Ministry of Health in consultation with the Ministry of Finance, advised in April, 1959 that—

- (i) a sale deed in respect of the entire area of 179.99 acres which had already been allotted to the DC Mills, should be executed;
- (ii) withheld action for allotment of any further land to the DC Mills which was previously earmarked for them;
- (iii) proceedings might be initiated for acquiring 5½ acres of land required for DDT Factory.

7. On examination of H.I.L., acquisition of land was, however not found economical. The matter was further examined and in view of the legal difficulty in the DIT resuming the land and the high cost of acquisition under the Land Acquisition Act, it was decided to purchase the land from DC Mills at a negotiated price. As a result of negotiations with DC Mills, it was finally decided to purchase 5.135 acres of land for DDT Factory at a cost of Rs. 1.35 lakhs (inclusive of arrears of about Rs. 30,000 or lease money) in addition to the lease money of Rs. 4108 paid by H.I.L. in 1953. H.I.L. have paid the sum of Rs. 1.35 lakhs to DC Mills.

8. After the execution of the sale deed between the H.I.L. and D.C. Mills, the D.D.A. would forego their rights to have the first option to purchase this land from the Mills on payment of the original price, on the specific ground that the piece of land was to be sold by the Mills to the Government for H.I.L.

COMMENTS OF GOVERNMENT

To sum up, the land for D.D.T. Factory was offered by the DC Mills in the context of their proposed minority partnership in the Project. Under the terms of the Resolution of the D.I.T. under which the land was allotted to DC Mills, there was no legal bar to the Mills giving lease of the land to Government and permission of the Board was not necessary in the case of the lease. As, according to the legal opinion, the D.I.T. could not resume the land and acquisition under the Land Acquisition Act was estimated to be more costly, the purchase of 5.135 acres of land from D.C. Mills was finalised at a cost of Rs. 1.35 lakhs (inclusive of arrears of lease money amounting to about Rs. 30,000). In the totality of the circumstances, the price paid may not be considered unreasonable. In view of the D.C. Mills not accepting the suggestion to sell the land to Government at the price at which it was given to them by D.I.T., it has been decided to withhold action for allotment of any further land

(about 68 acres) which was earmarked for them in that area. No further remedial action is possible or considered necessary.

Recommendation

"The Committee are perturbed to note the attitude taken by the Delhi Cloth Mills with regard to the land for the DDT Factory in demanding the price of Rs. 40,000 per acre, as against the price of Rs. 1134 per acre at which the land was made available to them by the D.I.T. It is very strange indeed that they should have tried to go back on the solemn assurance given by their Managing Director that they had no intention of speculating in land and to ignore the condition that "if within the next 15 years following from the date of registration of the sale deed the Company desire to sell the said land or a portion of it, it shall give the Trust the first offer." They would like Government to examine immediately what remedial steps, including acquisition of the land for the DDT Factory should be taken to stop this irregular financial benefit to the Company at the expense of Government."

[S. No. 20 of Appendix to 18th Report (Third Lok Sabha)].

ACTION TAKEN

The original intention while drawing up the scheme for the production of DDT in India was to make the DC Mills a minority partner in the scheme. The manufacturing scheme had to be based on the satisfactory availability of raw materials, principally chlorine, sulphuric acid/oelum and alcohol and it was primarily on the availability of these and electricity, water, steam etc. that site adjacent to the DC Mills was selected for establishment of the DDT factory, Delhi. A recital for the DC Mills furnishing the site and supplying some of the component raw materials for the manufacture of DDT and being a minority partner was also, therefore, included in the Plan of Operations concluded on 19-7-1952 with the WHO and the UNICEF. The position was, however, changed later and the Government of India decided not to associate the DC Mills as partners in the scheme and the recital in the Plan of Operations was changed accordingly.

2. The contract for the drawal of raw materials from the DC Mills was, however, concluded on 12th July 1952 and the factory was put up on a land belonging to the DC Mills. The negotiations for the supply of raw materials and land were commenced in July 1951.

3. This land formed a part of 179:99 acres of land in Najafgarh Industrial Estate handed over by the Delhi Improvement Trust to the DC Mills at Annas 3 and 9 pies per sq. yard. A copy of Resolution No. 19 passed at an ordinary meeting of the Delhi Improvement Trust, New Delhi on the 19th January, 1942 is attached (Annexure I). In May 1952, the Government of India suggested to the DC Mills that the land selected for the DDT factory should either be leased out on a nominal rent for 99 years, or in the alternative, the land might be made available on the same terms on which the Delhi Improvement Trust leased out to them, and that Government would pay taxes etc. In August, 1952, the DC Mills offered to give 1½ acres of land on a nominal rent and the remaining land on sale at current market price viz. Rs. 40,000 per acre. Later on they were agreeable to surrender the land provided an equivalent area contiguous to their property was acquired and given to them in exchange.

4. In April, 1953, the DC Mills offered to give 5 acres of land on rental calculated on the basis of the market price of land. This worked out to a little over Rs. 9,000 a year on the basis of taking a return of 6¼% on that. After discussion, the Company agreed to lease 5 acres of land at an annual rental of Rs. 4,000 per year, for as many years as the Government might decide to have. As the cost of land acquired through Delhi Improvement Trust was estimated to be Rs. 30,000 per acre, on 25-4-1953, the acceptance of the offer of lease of 5 acres of land at an annual rental value of Rs. 4,000 was communicated to DC Mills on the basis of lease for 99 years. The land was taken over in July, 1953. The DC Mills presented their bill for Rs. 4,000 on the 20th June 1954 for the lease of the land and this was paid to them. A supplementary bill for Rs. 108:62 for additional land measuring 657 sq. yards was received in September 1954 and payment made in November 1954. Further payments were withheld pending Government's decision on the following points:—

- (i) whether a sale deed may be executed only in respect of the built up portion of the area of 179:99 acres under possession of the D.C. Mills.
- (ii) the unbuilt portion in that area should be resumed.
- (iii) the possession of the area 82:63 acres which was also earmarked for DC Mills in terms of the Trust Resolution should not be handed over to them.

5. In May, 1954, a notice was issued to the DC Mills by the Delhi Improvement Trust for the transfer of the land in question to the

Trust so that the land could be placed at the disposal of DDT factory. The DCM took the stand that the proposal being for the lease of the land (and not for sale), the question of surrender of the land to the Trust in terms of the conditions of sale did not arise. In November 1954, the Delhi Improvement Trust stated that under the terms of the Trust's Resolution, there was no legal bar to the DC Mills giving lease of the land to Government and that the permission of the Trust was not necessary in the case of the lease.

6. The possibility of the Delhi Improvement Trust resuming the land in question was then examined. According to the legal opinion obtained in February, 1959 by the Ministry of Health, the possibility of the Delhi Improvement Trust resuming from the DC Mills the land occupied by the DDT factory was ruled out. In view of the advice given by the Solicitor General, the Ministry of Health in consultation with the Ministry of Finance, advised in April, 1959 that,—

- (i) A sale deed in respect of the entire area of 179.99 acres which had already been allotted to the DC Mills, should be executed;
- (ii) withhold action for allotment of any further land to the DC Mills which was previously earmarked for them;
- (iii) Proceedings might be initiated for acquiring 5½ acres of land required for DDT Factory.

7. On examination by HIL, acquisition of land was, however, not found economical. The matter was further examined and in view of the legal difficulty in the DIT resuming the land and the high cost of acquisition under the land Acquisition Act, it was decided to purchase the land from DC Mills at a negotiated price. As a result of negotiations with DC Mills, it was finally decided to purchase 5.135 acres of land for DDT Factory at a cost of Rs. 1.35 lakhs (inclusive of arrears of about Rs. 30,000 of lease money) in addition to the lease money of Rs. 4,108 paid by HIL in 1954. The sale deed between the Delhi Development Authority and D.C. Mills has not been executed. The question was therefore referred to the Ministry of Health. The Ministry of Health intimated that the negotiated price was reasonable and a sale deed for the transfer of this land could be prepared by the H.I.L. in consultation with their legal advisers. H.I.L. have accordingly paid the negotiated price of Rs. 1.35 lakhs in August 1963. The sale deed between HIL and DC Mills would be executed after the sale deed between Delhi Development Authority and D.C. Mills has been signed.

8. After the execution of the sale deed between the HIL and DC Mills, the DDA would forego their rights to have the first option to purchase this land from the Mills on payment of the original price, on the specific ground that the price of land was to be sold by the Mills to the Government for HIL.

To sum up, the land for DDT Factory was offered by the DC Mills in the context of their proposed minority partnership in the Project. Under the terms of the Resolution of the Delhi Improvement Trust under which the land was allotted to DC Mills, there was no legal bar to the Mills giving lease of the land to Government and permission of the Delhi Improvement Trust was not necessary in the case of the lease. As, according to the legal opinion, the Delhi Improvement Trust could not resume the land and acquisition under the Land Acquisition Act was estimated to be more costly, the purchase of 5.135 acres of land from DC Mills was finalised at a cost of Rs. 1.35 lakhs (inclusive of arrears of lease money amounting to about Rs. 30 000). In the totality of the circumstances, the price paid may not be considered unreasonable. In view of the DC Mills not accepting the suggestion to sell the land to Government at the price at which it was given to them by DIT, it has been decided to withhold action for allotment of any further land (about 88 acres) which was earmarked for them in that area. No further remedial action is possible or considered necessary.

Audit Comment

The land had been given to the D.C.M. at an estimated price of Annas 3 and 9 pies per sq. yard for a specific purpose. Subsequently, a portion of the land measuring about 5½ acres was not utilised for that purpose, but was sold to Government at a comparatively higher rates.

It is observed that when the D.C.M. initially agreed (August 1952) to sell a portion of land for the D.D.T. Factory, the Delhi Improvement Trust actually gave a notice to the Mills in October 1952 demanding that the portion of the land be transferred to the Trust for being placed at the disposal of Government for the proposed D.D.T. Factory and intimating that Trust would pay the cost of land as laid down in Cl. (4) of the Board's Resolution dated 9th January, 1942 which reads as follows:—

Cl. (4)

"If within the next 15 years following from the date registration of the sale deed the Company desire to s

the said land or a portion of it, it shall give the Trust the first offer to purchase it on payment of the price for this land at the rate at which the Trust will charge from the Company for the same and for buildings or other improvements, if any, done on the land by the Company or in the case of disagreement, to be settled by arbitration under the Indian Arbitration Act, 1940. This will be provided for in the sale-deed."

The sale was then changed into a lease which was accepted by the Ministry in April, 1953. The justification for this change is not clear; it conferred an undue advantage on the mills in that it gave a legal cover to the D.C.M. that the land was only being leased out and that they need not therefore, surrender the land to the Trust.

Subsequently, in a meeting held on 1-3-1956 in the Ministry of Health, it was again decided that the Delhi Improvement Trust should ask the D.C.M. to surrender the area of land required by the D.D.T. Factory so that the Delhi Improvement Trust might transfer it to the factory. It appears that the matter remained under examination in the Ministry till November, 1958, when the case was referred to the Additional Solicitor General of India for his opinion. The statement of the case submitted to the Addl. Solicitor General shows that his opinion was sought mainly on the following two points:—

- (i) whether the unbuilt portion of the area in possession of the Company (D.C.M.) can be resumed, and
- (ii) can the Government withhold the transfer of possession of the balance of the land.

It is not clear why legal opinion was not sought on the specific point whether Delhi Improvement Trust could resume 5½ acres of land proposed to be sold to the D.D.T. Factory by the D.C.M. (the possession of which had already been given to the Factory) in view of the explicit condition laid down in the Trust's Resolution No. 19 dated 9-1-1942 (reproduced above).

The sale-deed in respect of the 181.04 acres of land in favour of D.C.M. had been registered only on 30-5-1964. Prior to this date, the title in the land could not have passed to the Company. It is, therefore, not understood why the payment (made prior to September, 1963) in respect of 5½ acres of land was made by the H.I.L. to the D.C.M. when the latter had no legal title on the land. Even

after registration of the land in favour of the D.C.M., the Company is not entitled to sell any portion thereof within the next 15 years without giving the D.D.A. the first offer to purchase. It is not clear why the D.D.A. has not exercised its right to purchase the land at the rate at which it had been originally sold by the Trust under the terms of allotment, instead of paying a sum of Rs. 1.35 lakhs.

Copy of resolution No. 19 passed at an ordinary meeting of the Delhi Improvement Trust, New Delhi on the 9th Jan. 1942.

Considered the following note from the Chairman:--

Negotiations have been going on for some time for the sale of a piece of land measuring about 268 acres in the Trust's Industrial Area to the Delhi the plan No. I.T.A. 188/2 (to be laid on the table). The Delhi Cloth Mills are agreeable to purchase this land on the following terms:—

- (1) The Company will pay to the Trust actual cost of the acquisition of the land plus 10% on this cost at the price of the land.
- (2) In addition to the above price, the Company will pay Rs. 40,000 to the Trust towards cost of development of the Industrial Area. The land to be purchased will be developed by the Company at their own cost.
- (3) The Company will contribute proportionately an area basis towards the cost of providing the water main from the bulk supply point to the point of supply of water to the Company and execute an agreement to that effect which will remain valid for 7 years, and similarly to the cost of a water borne sewerage system on sereage basis if provided within 7 years.
- (4) If within the next 15 years following from the date of registration of the sale deed the Company desire to sell the said land or a portion of it, it shall give the Trust the first offer to purchase it on payment of the price for this land at the rate at which the Trust will charge from the Company for the same and for buildings or other improvements, if any, done on the land by the Company, or in the case of disagreement, to be settled by arbitration under the Indian Arbitration Act, 1940. This will be provided for in the sale-deed.

- (5) The full front on the Rohtak Road side will be given to the Company.
- (6) The first five plots nearest to the city on the Najafgarh Road, adjoining the land of Messrs. Madan Mohan Lal Shri Ram and Company, Ltd. will be included in the area to be sold to the Delhi Cloth Mills.
- (7) Messrs. Madan Mohan Lal Shri Ram and Co., Ltd., will be permitted to retain the land actually under the existing buildings in the triangular piece of land between the Railway line, the Najafgarh Road and the Rohtak Road.

It is proposed that the land may be sold to the Company on the above-mentioned terms.

RESOLUTION

RESOLVED THAT THE PROPOSAL BE APPROVED.

Recommendation

The Committee desire Government to take vigorous steps for the execution of the sale-deed with the Company so that no further attempts can be made by the Company to take undue advantage from their position owing to the delay in its execution.

[S. No. 21 of Appendix to 18th Report].

ACTION TAKEN

The ~~sale-deed~~ has since been executed on 20-5-1964.

Recommendation

The Committee further desire the Ministry of Health to lay down broad principles in consultation with the Ministries of Finance and Works, Housing and Rehabilitation to prevent the occurrence of similar situations in future. They would suggest in particular that when land is transferred to any party by the Delhi Development Authority, their Resolution should record in unambiguous terms all the relevant conditions of transfer which should then be suitably incorporated in the transfer deeds.

[S. No. 22 of Appendix to 18th Report].

ACTION TAKEN

In consultation with the Ministries of Works and Housing and Finance, the above recommendation has been brought to the notice of the Delhi Development Authority for information and strict compliance *vide* Ministry of Health letter No. F. 12-17/64-LSG I, dated the 5th November, 1964 (copy enclosed).

COPY OF LETTER No. F. 12-17/64-LSG I, DATED THE 5TH NOVEMBER, 1964, FROM THE GOVERNMENT OF INDIA, MINISTRY OF HEALTH, NEW DELHI, ADDRESSED TO THE VICE-CHAIRMAN, DELHI DEVELOPMENT AUTHORITY, REGAL BUILDINGS, NEW DELHI.

SUBJECT:—*Eighteenth Report of the Public Accounts Committee on the working of the Delhi Development Authority.*

I am directed to say that the Public Accounts Committee in its Eighteenth Report on the working of the Delhi Development Authority for the year 1963-64 has *inter alia* made the following recommendation:—

“The Committee further desire the Ministry of Health to lay down broad principles in consultation with the Ministries of Finance and Works, Housing and Rehabilitation to prevent the occurrence of similar situations in future. They would suggest in particular that when land is transferred to any party by the Delhi Development Authority, their Resolution should record in unambiguous terms all the relevant conditions of transfer which should then be suitably incorporated in the transfer deeds. (S. No. 22—para 26)”.

2. I am to request that the above observation of the Public Accounts Committee may kindly be noted for strict compliance.

3. The receipt of this communication may please be acknowledged.

Recommendation

Another aspect of this case which the Committee would like to emphasise is that Government have to be very careful in constituting such organisations as the Delhi Development Authority. In their opinion it is well worth consideration that in constituting such Bodies it should be ensured that persons, however eminent, who have any personal or pecuniary interest in the functioning of the Body should not be associated with them in any capacity.

[S. No. 23 of Appendix to 18th Report].

ACTION TAKEN

The above recommendation has been brought to the notice of all Ministries etc., for compliance *vide* Ministry of Home Affairs' O.M. No. F. 30/5/64-ACI, dated the 6th August, 1964 (copy enclosed).

COPY OF O.M. No. F. 30/5/64-ACI, DATED THE 6TH AUGUST, 1964 FROM THE MINISTRY OF HOME AFFAIRS, ADDRESSED TO ALL MINISTRIES ETC.

SUBJECT:—*Eighteenth Report of the Public Accounts Committee (Third Lok Sabha).*

The undersigned is directed to refer to para 27 of the above-mentioned Report of the Public Accounts Committee which is reproduced below:—

“Another aspect of this case which the Committee would like to emphasise is that Government have to be very careful in constituting such organisations as the Delhi Development Authority. In their opinion it is well worth consideration that in constituting such Bodies it would be ensured that persons, however eminent, who have any personal or pecuniary interest in the functioning of the Body should not be associated with them in any capacity”.

It is requested that the above-mentioned recommendations of the Public Accounts Committee may kindly be strictly complied with.

Recommendation

(i) *The Committee feel perturbed to learn about the disclosures made in this case relating to Delhi Peasants Multi-purpose Co-operative Society. While they appreciate the policy of the Government to encourage Agricultural Cooperative Institutions, they cannot find any justification for showing undue leniency to the society, which in the opinion of the Vice-Chairman of the Delhi Development Authority is carrying on agricultural operations that are “lucrative”. It appears to them inexplicable that the rent payable by the Society fixed at Rs. 1,35,475 per annum could be reduced to Rs. 55,623 owing to the washing away of some portion of the land. According to the information placed before the Committee only about 1,100 bighas of land out of 13,344 bighas had been washed away. If that is so, there can be no justification for such a disproportionate reduction in rent. The Committee would like this aspect to be investigated promptly and the rent reassessed on a proper basis.*

(ii) *The Committee also fail to understand why the Society who were earning profits from the land given by Government should not*

pay the arrears of Government dues which are stated to be Rs. 1.76 lakhs. They desire that the arrears should be recovered without any further delay.

(iii) When the vast area in question was given on lease to the Society in 1949 no due demarcation was made by the D.I.T. subsequently, the lease was not renewed in 1956 and later on the plea that the area in question had not been fully demarcated. The witnesses admitted that this was an omission. In the opinion of the Committee the initial failure to demarcate the area of the Land, the failure to renew the lease, the huge reduction in rent and the failure to realise the arrears, are all indicative of inefficiency or unwillingness on the part of Delhi Development Authority to take appropriate action at the right time. The Committee feel that there should be a thorough investigation of this case with a view to fixing responsibility.

(iv) The Committee inquired from the representatives of the Delhi Development Authority whether they exercise any supervision to see whether the land was being utilised for the purpose for which it was leased out. The reply given was that their Tehsildars and Revenue staff kept on supervising. The Committee suggest that a proper on-the-spot inspection at sufficiently high level should be made by the Delhi Development Authority to satisfy themselves that the land leased out to this society was being utilised only for the purpose specified in the lease deed.

(v) The Committee understand that a sub-committee has been appointed by the Delhi Development Authority to go into the question of rent and the reconciliation of accounts. They feel that the entire case needs investigation by persons or officials unconnected with the Delhi Development Authority and the result communicated to the Committee.

[S. No. 24 of Appendix to 18th Report].

ACTION TAKEN

Briefly stated the position is that the rent of lands leased to the Delhi Peasants Multipurpose Co-operative Society was originally fixed at Rs. 59,863 in 1949-50 on the basis of annual auction bids received by the D.I.T. for these lands. After taking into account the rent of the adjacent lands and other factors the erstwhile Delhi Improvement Trust in its Resolution No. 209 dated 5-7-1951 decided to charge lease money at a uniform rate of Rs. 10 per bigha per annum. It was on this basis that the rent payable by the Society per annum worked out to Rs. 1,35,475. This was not acceptable to

the Society. After lengthy correspondence the Government of India, Ministry of Health in their letter No. 4300-LSG/55 dated 26-12-1955 to the Chief Commissioner, finally decided that the rent for the period 1950-53 be increased by Rs. 2,500 per annum and for the remaining years upto 55-56 by Rs. 5,000 per annum.

The Society was asked more than once to pay the Authority's dues. But it did not do so on various pleas regarding rates of rents charged in respect of various kinds of lands, actual area in its possession, non-renewal of the lease in its favour etc., put forth from time to time.

The Society was asked to surrender canal irrigated land and was also required to clear the arrears so that the lease could be renewed but it neither surrendered the canal irrigated area nor paid the dues. This explains the delay in the renewal of lease. The case has since been examined by the sub-committee appointed for the purpose and finalised by the Authority at its meeting held on 13-2-1964 wherein out of the total dues from the Society upto 15th June, 1963 amounting to Rs. 1,75,892.06 (which included a sum of Rs. 51,286.71 on account of the court case of Dairy Kishan Chand), a sum of Rs. 51,014.81 has been allowed as remission to the Society on account of the following:—

- (1) Mis-classifications of 152 bighas in Chiragh South as Chahi calculated @ Rs. 4.37 per bigha per annum instead of Sailabi at the rate of Rs. 2.25 from 15-6-1956 to 14-6-1963—Rs. 2,261.00.
- (2) Fixing of lease money at Rs. 3.31 per bigha per annum for 371 bighas 10 biswas in Bela Estate instead of at Rs. 7 from 15-6-1956 to 14-6-1963 as it was contended that that piece of land was in no way better than that of Chiragh North (with which it is contiguous) wherein land was being charged at Rs. 3.31 paise per bigha—Rs. 9,589.30 paise.
- (3) Fixation of lease-money at Rs. 4.50 paise per bigha per annum in respect of 794 bighas in Inderpat Estate originally calculated at the rate of Rs. 7 from 15-6-1956 to 14-6-1963, as in respect of this land, the Authority had been charging damages from encroachers at Rs. 4.50 paise per bigha per annum * Rs. 12,634.50 paise.
- (4) Remission in respect of 332 bighas 16 biswas in Bela Estate and 615 bighas 15 biswas in Chiragh South due to dellu-

vision from Kharif 1956 onwards.*
Rs. 26,530.05 paise.

* TOTAL Rs. 51,014.81 paise.

After allowing the remission of Rs. 51,014.81 paise and deducting the amount of Rs. 51,286.71 paise relating to the case of Dairy, the balance due from the Society upto 15-6-1963 comes to Rs. 73,590.54 paise. It was decided by the Authority that the amount of Rs. 51,286.71 paise pertaining to compensation for Pt. Kishan Chand Dairy be paid by the Society in yearly instalments of Rs. 10,000 each with interest. It was further decided that the Society should pay the balance of lease money and the first instalment of Rs. 10,000 on account of compensation before 15th March, 1964 after which the Authority would execute a lease deed in favour of the Society for a period 10 years ending June, 1966.

The A.D.M. (Revenue), Delhi Administration, has also been addressed to investigate the fixation of rates of rent charged to the Delhi Peasants Co-operative Multi-purpose Society for the past (1956-57 to 1963-64) with reference to the Government orders of March 1956 and whether any revision is called for in respect of rent for 1964-65 and 1965-66. Further action, if any, will be taken by the Authority on receipt of the A.D.M. (Revenue)'s report.

The present position of recoveries from the Delhi Peasants Multi-purpose Co-operative Society is as follows:—

	Amount due	Amount recovered
	Rs.	Rs.
(a) Old arrears upto 15-6-63	73,590.94	73,590.94
(b) Compensation towards Pt. Kishan Chand Dairy case being recovered in annual instalments of Rs. 10,000/-	51,286.71	10,000.00
(c) Lease money for 1963-64 (upto 14-6-64)	31,512.86	15,735.00
TOTAL	1,56,390.51	99,325.94

Coercive measures are being taken to recover the balance of dues for 1963-64 and the second instalment of Rs. 10,000/- due against item (b) above.

Attention of the Delhi Development Authority is being drawn repeatedly to recover the dues.

Recommendation

The Committee observe that these accounts which were stated to have got into a confused condition after 1947-48 are yet to be set right despite a lapse of more than fifteen years. It is healthy surprising that no effective steps were taken to recover the outstanding ground rent of Rs. 4.15 lakhs in the past. As a result the Delhi Development Authority was not in a position even to say whether the Lambardars had actually deposited the amounts they had collected. The Committee would like to be informed of the results achieved in recovering these arrears. They also desire that effective steps should be taken to avoid accumulation of such a arrears in future.

[S. No. 25 of Appendix to 18th Report].

ACTION TAKEN

Active steps are being taken by the Delhi Development Authority to finalise the accounts of the Lambardars and to recover the amounts due from them. In a few cases their property has been attached and other coercive measures adopted. A Reconciliation Committee of officers has also been constituted to examine the objections raised by some of the lambardars. The Board has held a number of meetings and scrutinised the accounts of some lambardars and settled the objections to a large extent.

In regard to the recovery of old arrears from defaulting lessees, the Lambardars have given an undertaking that they would collect the arrears if they are given commission thereon @ 3%. This has been agreed to by the Authority. A nucleus special staff for recovery has also been sanctioned and it is expected that as a result of all these steps the arrears would be reduced to a considerable extent.

The reconstruction of the accounts of the Lambardars from 1947-48 onwards has already been completed and the Authority has pachotra claims i.e., Rs. 3,42,074 in all so far. The amount still outstanding against the Lambardars is Rs. 2.71 lacs. All possible steps are being taken to recover these dues. Three of the Lambardars

from whom a sum of Rs. 2.36 lakhs is recoverable have filed civil suits against the Authority and recovery proceedings against them have been stayed under the orders of the Court.

From April 1964, the recovery work has been reorganised and a revised procedure has been introduced. The new procedure provides for proper record of all fard batches and receipt books issued to Lambardars, regular deposit of recoveries of ground rent by the Lambardar with the Authority, submission of defaulters lists, and settlement of claims for Pachotra after checking of the records at the end of each fasal. The effectiveness of the new procedure can be gauged from the fact that 90% to 94% of the demands for the half year ending 31-12-63 and 30-6-64 entrusted to the Lambardars have been realised by the Authority.

Recommendation

The Committee desire that now at least, since the difference of opinion between the Delhi Development Authority and the Chief Settlement Commissioner has been resolved prompt action should be taken to recover the damages amounting to Rs. 13.72 lakhs or at least a substantial portion of it. They would like to know the progress made in this matter in due course.

[S. No. 26 of Appendix to 18th Report].

ACTION TAKEN

This relates to the non-renewal of 20 years leases during 1948-56 leading to non-realisation of revenue. The position in this case has been explained in detail in reply to the audit para. The further developments are as follows.

2. In its Resolution No. 255 dated 30th June, 1962 the Authority decided, *inter alia*, that perpetual leases should be offered only in cases where pucca structure had been built up and the land use was conforming. In other cases, 5 years leases were decided to be offered. The rate of damages was also proposed to be enhanced for the period from date of expiry of lease to 31-12-61. In the light of this resolution, re-entry notices were issued and damages demanded from the plot holder, but they contested the right to re-enter and recover the damages. Meanwhile the plot holders in Bagichi Allaudin represented that they were prepared to take perpetual leases on the terms offered to them in 1959 i.e., at 1958 market rates and not at current market rates. In resolution No. 275 dated 24th June, 1963 the authority accepted this request subject to the payment of

a penalty of Rs. 1 per sq. yd. in addition to the rates of premium offered in 1959. The decision to give perpetual leases at less than the current market rates required prior approval of the Government of India and the matter is under consideration.

The Authority had also decided to consider the case of other leases with like problems on the lines of the case of leases in Baghichi Allauddin. When the matter came up before the Authority again, it resolved *vide* Resolution No. 415 dated the 30th July 1964 that—

- (i) till redevelopment plans for the areas in question have been finalised no fresh leases perpetual or short-term need be granted at this stage. Instead the ex-leases be allowed to remain in possession for a period of one year more;
- (ii) efforts should be made to have the redevelopment plans completed within this period of one year. (Town Planner, Delhi Development Authority who was present stated that the redevelopment plan will be ready within one year);
- (iii) in the meantime rent/damages for the past and for future period of one year be recovered at the following rates:— Damages at enhanced rate of rent fixed in 1952 from the date of expiry of the lease to the date on which re-entry notices became validly effective. Thereafter damages at pre-August 1950 rates upto 31-7-1965;
- (iv) early steps should be taken for assessing the arrears of rent/damages on the lines indicated above and stern measures should be taken for their recovery; and
- (v) enquiry be made to ascertain the circumstances under which valid notices for cancellation did not issue for seven years from 1955 or so and responsibility therefore be fixed.

As regards the evacuee leases, the Chief Settlement Commissioner has decided that his office would dispose of evacuee superstructures and the purchasers/allottees would deal direct on their own responsibility with the Authority for renewal/extension of the lease of the site. The sites on which no evacuee superstructures existed have been surrendered to the Authority by the Chief Settlement Commissioner.

The Authority in its resolution No. 307 dated 27th July 1963 have decided that allottees/auction bidders of the evacuee superstructures and the actual occupants on the plots surrendered by the Chief Settlement Commissioner referred to above be served with

notices requiring them to surrender the sites to the Authority and offering them 5 years/perpetual leases as in the case of non-evacuee leases. For the purpose necessary particulars of the persons concerned are being ascertained and further action being taken in these cases.

Since the existing decision about the various terms for grant of fresh leases is again proposed to be revised in the light of the proposals submitted to the Government of India in respect of Baghichi Allauddin leases as mentioned above, the amount of premium and damages mentioned in the Public Account Committee report is likely to be reduced. At present effective steps for the recovery of dues are therefore, not being taken.

Recommendation

The Committee consider it unfortunate that much progress has not been made in these cases so far. The Committee feel that some definite decision should be taken soon about the remaining plots (55 plots) which continue to be under unauthorised occupation. They would also like to know as to what settlement is proposed to be made in respect of these plots where assesseees have migrated.

[S. No. 27 of Appendix to 18th Report].

ACTION TAKEN

This pertains to the non-renewal of 3 years leases. As decided in Authority's Resolution No. 254, dated 30-6-1962, re-entry notices were issued and damages were demanded from the plot-holders till the leases were renewed. They were also told that fresh leases on perpetual 5 years leases basis would be offered to them if they paid the damages in full. They however, contested our right to re-enter and recover the damages.

In the meanwhile, the plot-holders of 20 years leases in Baghichi Allauddin offered to take perpetual leases on the terms offered to them in 1959. Thereupon the Authority in its Resolution No. 275 dated 24-6-63 accepted their request subject to the payment of a penalty of Re. 1/- per sq. yd. in addition to the rates of premium offered in 1959. The decision to give perpetual leases at less than the current market rates required prior approval of the Government of India. The matter is under consideration of Government and further action will be taken thereafter. The Authority had also decided to consider the case of other leases with like problem on the basis of the Baghichi Allauddin's case.

In regard to evacuee leases the remarks against S. No. 26 (Para 30) are generally applicable in this case also.

The failure to give fresh leases is not due to any want of action on the Authority's part but owing to the numerous difficulties involved in solving the problem. The Authority has been considering various aspects of this problem all along but it is not a matter in which a unilateral decision should be imposed and the reactions of a large number of erstwhile lessees who have been in possession of this land since long and have constructed valuable buildings cannot be ignored. The Authority has been exploring a solution (and is going so even now) acceptable to the lessees without sacrificing revenue.

The Authority has since resolved *vide* Resolution No. 412, dated 30-7-1964 that—

- (i) till redevelopment plans for the areas in question have been finalised no fresh lease, perpetual or short-term, need be granted at this stage. Instead the ex-lessees be allowed to remain in possession for a period of one year more;
- (ii) efforts should be made to have the redevelopment plans completed within this period of one year. (Town Planner, Delhi Development Authority who was present, stated that the redevelopment plan will be ready within one year);
- (iii) in the meantime rent/damages for the past and for future period of one year be recovered at the following rates:—
 - (a) Rent at enhanced rate fixed in 1952 where the plot holders had accepted these rates and actually paid rent at these rates for some period—upto the date on which the lease cancellation notices became effective validly. Thereafter damages at pre-August 50 rates of damages upto 31-7-1965.
 - (b) For others—rent at enhanced rate fixed in 1952 from the date the plot-holders stopped making payment upto date on which the lease cancellation notices became validly effective. Thereafter damages upto 31-7-1965 at pre-August 1950 rates of damages.
- (iv) early steps should be taken for assessing the arrears of rent/damages on the lines indicated above and stern measures should be taken for their recovery; and

- (v) enquiry be made to ascertain the circumstances under which valid notices for cancellation did not issue for seven years from 1955 or so and responsibility therefore be fixed.

Recommendation

The Committee would like to be apprised of the result of this investigation. The Committee would also like to be informed of the action taken by the Delhi Development Authority, in respect of the 1010 cases of misuse etc. referred to in the Audit para.

[S. No. 28 of Appendix to 18th Reptot].

ACTION TAKEN

The case about which investigation is desired relates to plot No. 14 Block No. 15-A, W.E.A. in which a demand of Rs. 6720/- as additional premium for allowing permanent change of use on an area of 67.7 sq. yds. was assessed in 1958 because it was being used by the occupant doctor as his clinic. In 1960 a notice under the terms of the lease was again issued as a result of general survey of plots under misuse. Subsequently, the Authority decided that in the case of professional men such as doctors, lawyers, engineers, teachers, etc., no objection need be taken if a small portion of residence is used by the occupant for his own professional purposes. The case under reference was accordingly closed along with other similar cases.

Of the 1010 cases of misuse, etc. the present position is as under:—

(i) No. of cases settled after recovering full levy	80.
(ii) No. of cases settled without levy	424
(iii) No. of cases found wrongly entered or Duplicate.	190
(iv) No. of outstanding cases in which demand raised upto 31-10-64 and recovery is in progress	269
(v) No. of cases in which action is in progress	47
TOTAL	1010

(vi) Total amount of demand (provisional) raised upto 31-10-64—Rs. 4,98,626.

(vii) Total amount received upto 31-10-64—Rs. 1,53,941.

As regards recovery of balance it is stated that either the lessees have filed objections against the demand, or payments are being made by them in instalments.

Recommendation

The Vice-Chairman, Delhi Development Authority promised to furnish a note giving the total amount of penalty assessed and the unrecovered balance regarding 384 plots. This information is still awaited.

[S. No. 29 of Appendix to 18th Report].

ACTION TAKEN

Out of 384 cases (should be 385) mentioned in the Audit Report on the accounts for 1958-59, the penalty for non-construction was not levied in 124 cases due to various reasons including duplicate entries, discrepancies in initial enumeration and certain plots having been transferred to Government etc. The position upto 30-11-64 is as follows:—

- (i) Total demand raised in 261 cases—Rs. 4.99 lakhs.
- (ii) Total recovery in 192 cases—Rs. 3.35 lakhs.

Action in the remaining cases is in progress.

2. It may be pointed out that levy of penalty (consideration money) for non-construction/belated construction, takes time as normally the lessees do not show willingness to pay the penalty unless action to conceal the lease is initiated after observing legal and prescribed procedure. Many of these plots have been sold on freehold basis and it is being examined if the action for recovery of consideration money can validly be pursued in these cases. Adequate opportunity has to be allowed to the lessee for representing his case at various stages in order to avoid unnecessary hardship in any particular case and to eliminate chances of any technical defect, due to which our action may subsequently be not upheld in a court of law if the party later on goes to the court.

In a number of cases, the lessees raise objections about the plots being squatted upon, plans not having been sanctioned by the Corporation etc. These objections have to be carefully scrutinised before raising the demand and pressing for its realisation, since the recovery of penalty imposed by the Authority is questionable in a Court of Law.

Recommendation

The Committee note the failure of the Delhi Development Authority to maintain the revenue records properly. They need hardly emphasise the importance of proper maintenance of such records on the basis of which the Delhi Development Authority have to derive

their income. They urge, therefore, that the several steps initiated be expedited and the records brought upto date. It should also be ensured that there is no accumulation of arrears of revenue. A special review of the entire Accounts should be taken up at an early date to assess the dues.

[S. No. 30 of Appendix to 18th Report].

ACTION TAKEN

On account of lack of co-ordination between the various sections of the Delhi Development Authority, viz. T.N. Section on the one hand, Lands Section, Lease Section and Sales Section on the other, the revenue records of the Authority have not been maintained properly in the past. In the Revenue records such as Jamabandi etc. Khasra numbers are shown while the properties and plots now bear Municipal numbers. In many cases, the properties have changed hands several times. The new purchasers do not care to inform the Nazul Section about the purchase of sites. Consequently, the mutations cannot be entered or decided and the records remain incomplete. Now, in order to maintain the records up-to-date following steps have been taken:—

(i) *Mutations.*

Out of more than 4,000 mutations pending at the end of 1962 and 2700 fresh applications received from January, 63 to October, 1964, over 6000 cases have been decided leaving a balance of 678 cases on 31-10-64.

This work has now been distributed amongst the two Tehsildars and an Executive Officer. It is hoped that the arrears will be cleared up within 3 or 4 months. Almost all these cases are contested.

(ii) *Site Surveys.*

The revenue field staff has been directed to carry out site survey and contact the parties personally in order to ascertain correct whereabouts and address of present owners.

It is hoped that with the completion of mutation work, and site survey, the Jamabandies will be brought up-to-date, and thereafter correct demand will be raised in the Fard Batches.

Recommendation

With a view to making the Authority really competent and effective instrument for fulfilling its difficult task, the Committee consider that it would be necessary for Government to review the composition, powers, functions and responsibilities of the Delhi Development Authority.

[S. No. 31 of Appendix to 18th Report].

ACTION TAKEN

As already stated against recommendation at Sl. No. 1, with a view to streamline the existing procedure and methods of work in the office of the authority, which could lead to economy and efficiency, the authority has resolved that the services of an officer may be obtained from the O&M Division, Ministry of Home Affairs.

The Government will review the position on receipt of the report from the officer who has since been appointed.

Recommendation

The Committee recommended that a proper form should be prescribed in consultation with audit so as to assess on a systematic basis the cost of the Scheme from year to year. As regards the recovery of expenditure from the semi-government organisations brought under the Scheme, the Committee feel that this need not be done on the basis of monthly calculations. In their view it should be enough to base the calculations on the strength of staff during one month in a year; but the C.H.S. Directorate must insist on obtaining the figures in time.

[Serial No. 36 of Appendix XVI to 20th Report
(3rd Lok Sabha)].

ACTION TAKEN

In order to work out the cost of the C.G.H.S. Scheme on a systematic basis from year to year, forms of Proforma Accounts have already been finalised in consultation with Audit in October, 1962, and necessary provision for the additional staff required for the preparation of proforma accounts was proposed in the Budget Estimates for 1963-64 (Part II—Fresh Charges). However, at the instance of the Ministry of Finance, the proposal was dropped in view of the cut imposed owing to Emergency. Hence the work could not be started.

The matter was again taken up with the Ministry of Finance in February, 1965 for the creation of the requisite number of posts. A work study was suggested by them in March, 1965. The Director General of Health Services are doing the needful about the Work Study. It has not been found feasible to get this work done by re-allocation of work among the existing staff.

“Audit Observation” in respect of the foregoing note is given below:

“The forms of proforma accounts for the C.G.H.S. Scheme were approved by Government in consultation with Audit in October, 1962. However, from the Ministry's note it seems that the maintenance of the accounts in the prescribed proforma is yet to be started”.

Recovery of expenditure from Semi-Government Organisations:

As regards the recovery of expenditure from Semi-Government Organisations brought under the Scheme, the procedure followed is that the Organisations are asked to deposit the contributions annually, in advance, in lump-sum, in the beginning of each financial year on the basis of the number of beneficiaries at that time. At the end of the year, final adjustments are made. For this purpose data relating to the strength of staff in various pay groups are collected every month from all the Organisations. At the end of the year adjustments are made on the basis of monthwise figures of staff.

In view of the time and labour involved in the collection and tabulation of monthly figures, the D.G.H.S. are considering the question of basing the calculations on the strength of an Organisation on the 1st of September in each year which will be in accordance with the recommendations of the Public Accounts Committee.

Recommendation

The Committee note that expenditure incurred on local purchases of medicines is still very heavy (i.e. 40 per cent of the total). They feel that this problem can be solved partly by better liaison with the D.G.S. & D. and partly by improving upon the estimates of future requirements. The Committee also feel that arrangement of procurement should duly take into account the functioning and urgent nature of requirement of medicines. Accordingly, it should be worthwhile if in appropriate cases, rate and running contracts are entered into by the D.G.S. & D. with the manufacturers for supplies through the latter's local agents. Under this arrangement C.G.H.S. authorities should be able to make purchases directly from the local agents as and when required at the rates agreed to. This should also avoid over-stocking of medicines.

[Serial No. 37 of Appendix XVI to 20th Report
(3rd Lok Sabha)].

ACTION TAKEN

The Ministry of Health has discussed the problems at a meeting called by Secretary with the representatives of the D.G.S. & D. For nearly 200 items of drugs there is a rate and running contract. It is proposed that Hospitals should be made direct demanding offices. The need for bulking the supplies, the methods of indent and procurement—all these questions have been considered. It is proposed that local purchases will be resorted to sparingly. A Committee has been constituted to go into the problems concerned with delays in obtaining stocks from the depots and recommend measures for improving the situation. The recommendations of the Committee are under examination in consultation with the D.G.H.S.

The Public Accounts Committee will be apprised of the final decision taken in the matter.

MINISTRY OF SUPPLY & TECHNICAL DEVELOPMENT

Recommendation

The Committee note that expenditure incurred on local purchases of medicines is still very heavy (i.e. 40 per cent of the total). They feel that this problem can be solved partly by better liaison with the DGS&D and partly by improving upon the estimates of future requirements. The Committee also feel that arrangements of procurements should duly take into account the functioning and urgent nature of the requirement of medicines. Accordingly, it should be worthwhile if in appropriate cases rate and running contracts are entered into, by the DGS&D with the manufacturers for supplies through the latter's local agents. Under this arrangement CHS authorities should be able to make purchases directly from the local agents as and when required at the rates agreed to. This should also avoid overstocking of medicines.

[Sl. No. 37 (Para 39) of Appendix XVI to 20th Report (3rd Lok Sabha).]

The Committee would reiterate their recommendation made in para 39 of their 20th Report (3rd Lok Sabha) suggesting that in appropriate cases D.G.S. & D. should enter into rate and running contracts with the manufacturers for supplies through their local agents. They would watch the results of the steps taken in this regard.

[Sl. No. 27 (Para 2-56) of Appendix XV to 42nd Report (3rd Lok Sabha).]

ACTION TAKEN

(i) *Local purchases.*—According to the SGHS, the following constitute the expenditure on local purchases:

- (a) All annual requirements of medicines whose value falls below Rs. 10,000/-
- (b) Emergent purchases against specialists' prescriptions from the authorised chemists. This includes medicines which are not generally stocked but have to be procured to meet the requirements of individual cases.
- (c) Purchases against depot supply orders to replenish stock levels, whenever supplies arranged through DGS&D and M.S. Depot fail to arrive on scheduled period or stock holding depleted due to changing prescribing trends of the Medical Officers or incidences of seasonal diseases.

(ii) *Purchases through DGS&D:*

- (a) The question of entering into Rate/Running Contracts for the supply of medical stores was examined by the DGS&D in consultation with the DGHS in 1960, i.e. before the Public Accounts Committee made the above recommendation. It was decided at that time that the DGS&D should enter into Rate/Running Contracts in the case of Standard items. Since then, the demands received from CGHS for Drugs are covered on Running Contract basis in all cases with sufficient tolerance available to meet the subsequent demands that may arise before the conclusion of the Running Contracts for the next period. It is worthwhile to mention in this regard that the number of items for which Running Contracts have been entered into have increased from 18 in 1960 to 33 in 1964.
- (b) With a view to adopting measures for the expeditious supply of drugs, a meeting was held under the chairmanship of the Joint Secretary in the Department of Supply on 24-1-64. It was agreed at the meeting that there was noticeable improvement in the supply position of Drugs.
- (c) The most important decision taken at the above meeting was that the CGHS should send their indents six months in advance of the actual date on which the supply is required. If this date is strictly adhered to, it will be possible for the DGS&D to cover the indents within 4 months giving the suppliers a period of 2 months to arrange supplies in time. As regards the supplies for

1963-64, indents for stores required from 1-6-63 were received from CGHS at the end of March, 1963 and indents for stores required from 1-9-63 were received in September and October 1963. Very little time was thus given to the DGS&D to cover the demands and to the suppliers for arranging the supplies. Subsequent indents were, however, received in due time.

- (d) In the context of quick coverage of the indents, the need for sending separate indents for separate groups of items viz. Tablets, Powders, Injections, Syrups, etc. cannot be over-emphasised. The CGHS with their technical knowledge of stores are in a better position to group stores and send separate indents for each group. This was agreed to by the CGHS at the meeting held in November 1960. In spite of this, bulk indents consisting of 50—70 items continued to be received from CGHS without grouping.
- (e) The CGHS have, however, indicated that it would be possible for them in future to furnish to the DGS&D in October every year a group-wise list of medicines required during the ensuing financial year with the quantity expended during the previous year. This will enable the DGS&D to initiate procurement action sufficiently earlier so that the supply of drugs will be forthcoming according to schedule of requirements.

Prior to DGS&D agreeing to place Running contracts for medicines required by CGHS, they were placing Acceptances of Tender which were for fixed quantities with fixed delivery dates. This was found unsuitable since the CGHS could neither increase nor decrease the ordered quantities to adjust to the flexibility of their requirements of medicines. Running contracts with option of plus or minus 25% of the quantities ordered have, through last four years experience, also not produced the desired results. In the circumstances, it has since been decided by the DGS&D at the request of the CGHS, to conclude only Rate Contracts for all items required by CGHS for 1965-66.

[F. No. 45(1)/64/PI New Delhi, dated the 26th March 1966]

MINISTRY OF HEALTH

Recommendation

The Committee take a serious view of the fact that in contravention of the rules, no report was made to Audit in regard to pilferages and falsification of accounts. Expert audit scrutiny was obviously

necessary as soon as suspicions were raised. The Committee desire that the Ministry of Finance should take due notice of this and prevent recurrence of such instances.

(ii) The Committee had asked for a note indicating the nature of charges against 11 store keepers who were being prosecuted and the amount of pilferage suspected on the remaining 11 cases which were still under investigation. The note is still awaited. They deprecate the delay in submission of the note.

[Sl. No. 38 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

Submission of report to Audit in regard to pilferages and falsification of accounts:

This Ministry appreciates that it is obligatory to inform the Audit of the pilferages/falsification of accounts. In this case, however, the Special Police Establishment had launched investigations on the pilferage of C.G.H.S. medicines on the basis of secret information received by them to this effect. During their investigations they had asked for assistance from the D.G.H.S. (CGHS Dte.) to the extent to let them know whether any of the issues of medicines to the patients during a given period could be regarded as suspicious. Accordingly, the various stores accounting registers were scrutinized by a Medical Officer under the C.G.H. Scheme and a list of entries considered suspicious was handed over to the Special Police Establishment. Rest of the investigations including raiding the shop godown premises of a chemist in Bhagirath Palace and the residence of some of the C.G.H.S. employees were conducted by the Special Police Establishment. After completing their investigations the police have filed charge-sheets against the accused persons in a Court of Law without any advice to the D.G.H.S.

Instructions have been issued that audit should be informed as soon as discrepancies or suspicious entries are noticed.

C.G.H.S. employees prosecuted for pilferages/falsification of accounts, etc.:

All the 11 accused—one store-keeper, six Pharmacists (qualified), one Pharmacist (unqualified), two Dressers and one Nursing Orderly—figured in R.C. 11/62 of Delhi Branch of the Special Police Establishment and charge-sheet had been filed against them in the Court. The charges against them are that they were a party to a criminal conspiracy to commit or cause to be committed theft or

criminal breach of trust in respect of medicines of C.G.H.S., New Delhi, which are meant for the exclusive use by the Central Government employees posted and residing in Delhi/New Delhi. In pursuance of this conspiracy the accused persons being in charge or custodian of C.G.H.S. medicines made false entries in the issue registers showing the issue of medicines to various persons when those medicines were not actually issued to them. Thus they prepared false records and committed theft, or criminal breach of trust, of C.G.H.S. medicines and disposed of the same to the chemists for monetary gains for themselves.

The total amount involved in this case in respect of C.G.H.S. medicines mis-appropriated or pilfered comes to Rs. 3426.39 paise.

(The above information was furnished by the Inspector General of Police, C.B.I., S.P.E., *vide* his letter No. 13524/3/11/62-IDII-DLI, dated 6th December, 1963).

The cases of all the 11 persons are still pending in the Court. The judgement was delivered in regard to the Committal Proceedings in the case whereunder six of them were discharged and the rest (five) of them were ordered to be tried under Sections 477-A and 380 I.P.C. after filing fresh charge-sheet against them. The S.P.E. has, however, informed that they have filed a revision petition in a higher Court against the judgement, which is still pending.

Besides the above, the cases of 16 persons, *i.e.*, 2 store-keepers, 11 pharmacists, one L.D.C., one Dresser and one Chowkidar were reported to the Directorate General of Health Services (C.G.H.S. Dte.) by the S.P.E. for taking Regular Departmental Proceedings against them on charge of pilfering C.G.H.S. medicines, etc. The value of stores stated to have been pilfered by these persons is approximately Rs. 1,022.83 paise. All but one of them have been served with charge-sheets and their cases are at various stages of enquiry—hoped to be completed before long.

One person who was not proceeded against had already retired when the S.P.E. reported his case to the Directorate General of Health Services (C.G.H.S. Dte.) for departmental action and the extent of lapse, as intimated by the S.P.E., was not considered by the competent authority to be an act of 'grave misconduct', as envisaged in Art. 351-A of the C.S.R. warranting initiation of proceedings against him under rule 15 of the Central Civil Services (Classification, Control & Appeal) Rules, 1957. Hence no action was taken against him and the case was filed.

Recommendation

The Committee take a serious note of such disregard of the financial rules as disclosed in this case and hope that steps will be taken to avoid a recurrence of such cases.

[Serial No. 39 of Appendix XVI to 20th Report (3rd Lok Sabha)]

ACTION TAKEN

The practice of utilisation of undisbursed pay and allowances, etc. for meeting day to day expenditure had to be resorted to owing to inadequacy of the Permanent Advance. The observations of the Public Accounts Committee have been noted for compliance.

Recommendation

The Committee do not see any extenuating circumstances for release of the entire grant of Rs. one lakh unconditionally in February, 1960, when even the design of the building was not known. They are surprised that none of the Ministries concerned including Finance cared to observe the precautions as prescribed in the financial rules before the grant was sanctioned. The Committee are anxious that the recurrence of such cases is prevented.

[S. No. 40, App. XVI to 20th Report (3rd L.S.)]

ACTION TAKEN

The observations made by the Public Accounts Committee have been duly noted by the Ministries of Health, Home Affairs and Finance.

Recommendation

The Committee feel that the Indian Council of Medical Research should evolve some procedure whereby their detailed budget estimates are framed and sent to the Ministry of Health only after the selection of schemes with the advice of the expert groups. In this way the Ministry would be enabled to make provision in the Central Budget on a more realistic basis.

[Sl. No. 41 of Appendix XVI to 20th Report 1963-64]

ACTION TAKEN

The budget proposals of the Indian Council of Medical Research are submitted to the Ministry of Health in September—October. The budget of the Council can be broadly divided into the following categories:

- (a) Fixed charges which include the expenditure on the headquarters office of the Council, permanent laboratories, research centres, journals publications, etc.

(b) Continuation scheme, and

(c) New Schemes.

In framing the budget the Council has agreed to give the details of the fixed charges, funds required for continuing schemes already sanctioned and the amount that will be required for expansion and diversification of the activities of the Council. In framing these estimates necessary marginal adjustments for normal increase in pay, etc. will be provided. It may not be possible for the Council to give its precise requirements at the time of budgeting as the schemes will have to be approved by the Scientific Advisory Board, Advisory Committee and the Governing Body. The Scientific Advisory Board and the Advisory Committees meet in the month of November-December. The Council is administered by the Governing Body and the budget will require approval of this body which normally meets in the month of January-February. The actual position will be known only after the meeting of the Governing Body. If the final budget is to be given to Government by September-October, the Council will have to hold its meetings one year in advance. This is not possible. The Council will be asked to make every endeavour to prepare as realistic a budget as possible.

It may be mentioned here that the provision made in the budget for the Council is released by way of grants in instalments. Before releasing each instalment the balance available, the anticipated expenditure, etc. are taken into account.

This note has been vetted by audit.

Recommendation

The Committee note the progress since made in adjusting the expenditure on the basis of the audited accounts (Rs. 17.71 lakhs out of Rs. 37.36 lakhs). They, however, view with concern the fact that about 50 per cent of the amount outstanding in August, 1962, (i.e. Rs. 17.49 lakhs) related to 1959-60 and earlier years. They hope that this backlog is being expeditiously cleared and the Indian Council of Medical Research will ensure that, in future, the amount of grant-in-aid advances are fully adjusted within a year of their disbursement.

[Sl. No. 42 of Appendix XVI to the 20th Report, 1963-64]

ACTION TAKEN

Out of an amount of Rs. 37.36 lakhs outstanding in 1961-62 an amount of Rs. 31.43 lakhs has since been cleared as indicated below:—

Item	Amount outstanding upto 1961-62	Amount cleared upto June, 1965
(Rs. in lakhs)		
(1) For want of audited statement of accounts and utilisation certificates in respect of grants given to Directors of Health Services of various States and other bodies .	10.59	6.79
(2) For want of adjustment bills on account of advances for construction of building .	17.61	15.99
(3) For want of adjustment bills	1.47	1.02
(4) For want of stamped receipts	7.69	7.63
TOTAL	37.36	31.43

It will be seen from the above that a major portion of the outstanding amount has been adjusted. The Council is making strenuous efforts to get the balance adjusted as early as possible. The recommendations have been brought to the notice of Indian Council of Medical Research on 15th December, 1965 for necessary action and guidance. The Audit observations on this note are attached.

This note has been vetted by audit.

Audit Observations

The information contained in the above table was checked with reference to the initial records of Indian Council of Medical Research and in a number of cases, as indicated below, utilisation/disbursement certificates etc., could not be shown to audit.

- (i) *Utilisation Certificates.*—Rs. 72,665.
- (ii) *Adjustment vouchers.*—Rs. 2,046.
- (iii) *Stamped Receipts.*—Out of approximately 10,000 items involved, 300 were test checked. Stamped receipts/disbursement certificates in respect of 16 cases involving an amount of Rs. 9,313 could not be shown to audit.

Recommendation

The Committee hope that in the background of the experience gained in 1961-62, there would be closer budgeting during the subsequent years. They also desire to emphasize the necessity of constant review to watch whether results achieved are commensurate with the expenditure incurred on Family Planning.

[Sl No. 7 (ii) Appendix I to 25th Report, 1963-64.]

ACTION TAKEN

In the light of the experience that is being gathered every care has been taken for closer budgeting keeping in view the urgent needs and inescapable expenditure. The remarks of the committee have been carefully noted and efforts will be made accordingly. It will be appreciated that the execution of the programme is linked to an appreciable extent with the cooperation of voluntary agencies which makes the task of budget control and watch on progress and results a little more difficult.

The progress in the field of Family Planning is reviewed periodically by the Departmental agencies as may be observed from the report of Director, Family Planning for 1962-63 (copy enclosed*). The progress achieved is also reviewed and discussed periodically by the Central Family Planning Board. A copy of the progress report for the period ending March, 1964, is enclosed*.

So far as the expenditure is concerned, the Plan provision of about Rs. 27.00 crores has been made for the family planning programme including Rs. 20.00 crores in the centre. When the Third Plan was prepared the Plan provision was phased. The phasing of

the expenditure to be incurred during the Third Five Year Plan is as under:—

(Rs. in lakhs)

Year	Central Govt.	State Govt.	Union Territories	Other Ministries of Govt. of India	Indian Council of Medical Research	Foreign Agencies	D. A. V.P.	Total
1961-62	114.73	22.59	1.03	..	..	0.96		139.31
1962-63	240.73	25.15	2.58	..	..	9.74	..	278.20
1963-64	300.30	36.82	2.59	6.99	3.49	31.99	4.05	386.23
1964-65	425.00 (estimated)	148.11 (estimated)	6.38	12.97	5.71	49.25	6.85 (estimated)	654.27
Total upto the end of—								
1964-65	1080.76	232.67	12.58	19.96	9.20	91.94	10.90	1458.01
1965-66	639.63	293.68	21.11	62.40	4.46	59.91	40.09	1121.28
	1720.39	526.35	33.69	82.36	13.66	151.85	55.99	2579.29

It will be seen from the figures that an expenditure of Rs. 14.58 crores will be incurred by the end of the year 1964-65. The anticipated expenditure during 1965-66 is Rs. 11.21 crores. Thus almost the entire plan provision made for the Third Five Year Plan will be utilised.

Since in the Third Five Year Plan the total plan provision was phased, while checking the utilization of the plan provision, the expenditure for any period should be compared to the provision for that period and not to the whole plan provision. The Family Planning Programme was re-organised in October, 1963 and since then it has gained considerable momentum and the entire re-organised programme is likely to be put on the ground by all the States by the commencement of the Fourth Five Year Plan.

The targets fixed during the Third Plan have been duly achieved and in some cases even exceeded as may be observed from the following data:—

Family Welfare Planning Centre	Targets upto Sept., 1964	Achievements upto Ju y, 1964
Urban	900	1,723
Rural	6,325	9,253
	<u>7,225</u>	<u>10,976</u>

Voluntary sterilization is becoming more and more popular. The number since 1956 has considerably increased and nearly a million operations have been carried out so far. The off-take of contraceptives has increased manifold.

The Family Planning Programme in States has been re-organised *vide* Ministry of Health letter No. F.40-1/63-FP, dated the 4th October, 1963*, Part II of the Report of Director (Family Planning) for 1962-63 and the State Governments have been asked to implement the Re-organised Programme. It is expected that the programme will gain further impetus in the remaining period of the Plan.

*Not printed.

Recommendation

The Committee are not at all convinced with the reasons put forward by the Ministry explaining the excess. They are unable to appreciate how the Ministry asked all the Medical Stores Depots as late as 4th March, 1963 to stop further purchases and keep the expenditure within the limit of the sanctioned budget allotment. This only shows that there was no clear planning or understanding of the matter on the part of the authorities concerned. The Committee also do not understand how the Ministry expected that issue of instructions on 4-3-1963 (when the financial year was to close on 31-3-1963) could have much effect when it was expected much earlier that an excess expenditure would occur. In the opinion of the Committee, in view of the fact that due to the National Emergency, the Government of India had desired that sufficient stocks of medical stores might be kept ready in the District Hospitals and big hospitals to enable them to meet the need of the hour and the Medical Stores Organisation had been asked to take certain steps to tide over the difficulties, the wiser course for the Ministry would have been to accept the proposal of the Director General, Health Services for obtaining the Supplementary Grant.

[S. No. 8, Appendix XVIII to Thirty First Report
(3rd Lok Sabha)].

ACTION TAKEN

Past experience revealed that the actual expenditure incurred by the Medical Stores Depots in a financial year generally fell short of anticipation and as a result there has been savings in the Grant at the end of the financial year. Considering that all State Governments might not draw their full requirements on account of inadequate budget provision and the excess, if any, would be met from the savings available under the other sub-heads in the Grant, no supplementary grant was obtained during 1962-63 to cover the excess in Grant No. 127.

Recommendations of the P.A.C. have, however, been noted for future guidance.

This note has been vetted by Audit.

Recommendation

While the Committee appreciate the achievements made, they cannot help concluding that in their enthusiasm to combat the disease the authorities embarked on the programme on a mass scale without considering its pros and cons. Had the project been started on a

restricted scale, the set-back could have been avoided, Further, the Committee feel that the toxic reaction of the drug should have been known to the medical authorities when they conducted trials in Orissa and Kerala. If so, the Committee do not see why suitable measures were not taken to educate the people about these temporary reactions in advance.

The Committee are glad to know that the drugs are being utilised and there has been no loss on this account. They would like to be informed as to how much of the stock of diethylcarbamazine has since been utilised and whether the balance would be consumed before it outlives its life.

[Serial No. 45 of Appendix XII to 35th Report, 3rd
Lok Sabha—1964-65].

ACTION TAKEN

The position with regard to the observations made by the Public Accounts Committee in the above paragraph is explained under three broad headings as indicated below:—

(i) *The Project should have been started on a restricted scale and its pros and cons studied before embarking on the programme on a mass scale.*

First of all an experimental project which lasted for five years (1949-1955) was carried out in Orissa by the Malaria Institute of India (now known as National Institute of Communicable Diseases) for the control of bancroftian filariasis. This project was conducted under the auspices of the Indian Council of Medical Research.

In the Orissa trials, mass therapy, anti-adult residual spraying and antilarval measures were tried separately in different areas as indicated below:—

- (a) Antilarval measures:—These had been initiated in February, 1950 against larval stages of mosquitoes in Cuttack suburbs, and continued. The population under the antilarval control was 2,716.
- (b) Anti-adult measures by the residual spraying in human dwellings and cattle sheds containing a population of 2,700 by the use of residual insecticide spraying.
- (c) In an area containing a population of 1,050, mass drug administration had been carried out once.

All the above measures were tried out alone in separate areas. A separate area containing a population of 1,660 was kept without any of the above measures for comparison purposes.

Results:

- (a) In antilarval area, considerable reduction in the density and infection rates in *C. fatigans* was obtained and maintained.
- (b) Residual spraying was effective against *C. fatigans* for a period of 4 to 6 weeks.
- (c) The mass drug administration showed a marked reduction in the number of microfilariae to zero or low levels in all persons following therapy which in any one case did not reach the original level during 14 months period after drug administration. While the results with mass therapy were good, on inquiry it was found that nearly 30 per cent of the persons put on mass therapy complained about exacerbations of symptoms and an equal number remarked about reductions in symptomatology following drug administration. The symptoms related to number and intervals between attacks of filarial fever, lymphadenities and various grades of lymphoedema. In spite of reported exacerbations in symptomatology (in some cases six to eight months after therapy) some of them were requesting for another course of therapy.

Encouraged by the results of the above trials, the project known as the National Filaria Control Programme was started towards the end of 1955 for the control of bancroftian filariasis in the country. The combined method of mass therapy, anti-adult and anti-larval measures was tried under the programme. Operation of the National Filaria Control Programme were restricted to a population of only 141 lakhs against a total population of 1,220 lakhs at risk due to filariasis. The programme was thus undertaken among 11.5 per cent of the population at risk spread over different geographical areas of the country. This coverage was considered imperative to acquire the results of the control programme on a more representative basis.

(ii) *Toxic reactions of the drug should have been known to the medical authorities during the initial trials conducted in Orissa and Kerala and suitable measures taken in advance to educate the people about the temporary reactions.*

In Kerala *B. malayi* infection was the subject of an enquiry. Pilot study indicated severe toxic reactions following the administration of Diethylcarbamazine to persons with *B. malayi* infection. The control *B. malayi* infection was, therefore, kept outside the purview of the National Filaria Control Programme which was mainly concerned with the control of bancroftian filariasis. Kerala trials are not, therefore, relevant in this context.

In Orissa the trials were supervised intimately by Medical Officers. The reactions due to the administration of the drug could be attended to individually during the trials. The Director of Public Health, Orissa did not also make any specific observation about the toxic reactions of the drug in the context of the trials conducted in the State.

The supply of Hetrazan (Diethylcarbamazine) was made to the control units of the National Filaria Control Programme by April/May, 1956. The mass therapy with Diethylcarbamazine and been completed in most of the Units before the observations on mass therapy with Diethylcarbamazine for filaria control in Bombay State appeared in the Indian Journal of Malariology in 1958 (vol. 12-1958, pages 173-176). Thus the conduct of the mass therapy in different National Filaria Control Programme units preceded the appearance of the article referred to above. However, the observations made by the authors of the above article were known to most of the participating States by the actual work-use of the mass therapy by then.

During the course of mass therapy, about 15,000 people were targetted at a time to receive the therapy. The toxic reactions were taken care of in the shape of (i) extensive propaganda using the modern audio-visual equipment and other channels of publicity (ii) adequate provision of other medicines for the relief of symptoms of reactions and (iii) special Medical Officers were drafted to the Units during the mass therapy. The reaction symptoms even to-day, after the intake of Diethylcarbamazine tablets, are of mild nature, such as fever for one or two days, headache, urticaria, exacerbation of local symptoms, vomiting, nausea and diarrhoea. The symptoms disappear within a period of 48 hours excepting the local symptoms of filariasis. It is, therefore, realized that the symptoms themselves are not alarming but produce physical discomfort and some temporary incapacitation. In case of individual treatment the Medical Officer persuades a patient through his personal influence to take the full course of treatment. This medical coverage was available when the treatment was conducted in the Orissa trials amongst a population of 1050. It was not possible to provide the same type of medical care in the mass treatment under the National Filaria

Control Programme which would have made it prohibitive. When applied enmasse, it was possible for the Medical Officers to be at the side of each patient having these reactions (which corresponded more or less to the microfilaria infection in the locality). The National Filaria Control Programme organization though supported by the State Health Directorates in tackling the reaction cases by Medical Officers was not adequate then, and is not adequate even today. This unbridged lacuna resulted in public resistance to the acceptance of mass therapy. This public resistance to the acceptance of mass therapy resulted in incomplete coverage of the infected people by treatment. The data collected during the mass therapy provided the material for the report of the Assessment Committee of the Indian Council of Medical Research. The National Filaria Control Programme has been/is being reorganized in the light of the recommendations of the above Committee.

(iii) Full utilization of the Diethylcarbamazine tablets to avoid any loss on that account.

Diethylcarbamazine is a stable compound and under proper storage conditions (recipient States have been asked to store it in dry cool places) may last indefinitely without any deterioration of its quality. The State Medical Services have been asked to ensure its rapid use through the establishment of night clinics in endemic areas and by instituting examination of night blood of all in-patients in the hospitals to detect the micro-filaria positive cases. A resolution in this regard was adopted at the annual meeting of Malaria and Filaria Workers held at Calcutta in June, 1965. The Ministry of Health have asked the endemic States to ensure utilization of the drug calling attention of all the States to the above resolution.

The National Institute of Communicable Diseases is gathering the information regarding actual stock of the drug which has since been utilized by hospitals and dispensaries for the treatment of microfilaria positive cases. The reports so far received from the States (Annexure I) indicate the extent to which the drug has been utilised. As the number of hospitals/dispensaries in the various States to whom the surplus stock of Diethylcarbamazine have been distributed is very large, it will take some time to obtain the complete information. It is, however, expected that the drug would be consumed during the IV Plan period. Periodical testing of the drug has indicated that the therapeutic efficacy is retained at the original level and has not deteriorated. Similar tests will be carried out by the Institute periodically till such time the drug is utilized fully. The question regarding utilization of the drug is

receiving highest attention both at the Central and States levels. A further note will be submitted after the details of the utilization of the Stores are received from the States.

This note has been vetted by audit.

ANNEXURE—1

NATIONAL FILARIA CONTROL PROGRAMME

Statement showing the utilisation of Diethyl carbamazine which was declared surplus consequent of the discontinuance of Mass-Therapy under the National Filaria Control Programme.

Name of State	Quantity declared surplus (in lakh)	Disposal	Quantity actually consumed details awaited.	Remarks (Measures taken to ensure the use of surplus stock of the drug).
1. Andhra Pradesh	6.51	2 lakh tablets transferred to Filariasis Training Centre Rajahmundry for experimental purposes. The stock is being used. The rest of the stock is being utilised by the State for treatment of positive cases in Hospitals/dispensaries/clinics.	Details awaited	1. The States were asked to transfer the surplus stock of the drug to medical side for treatment of positive cases in hospitals/dispensaries. 2. The Director National Institute of Communicable Diseases has addressed the Director of Health Services/Director of Public Health etc. of all the participating States demaj-officially in April, 1965 to utilise the drug in hospitals/dispensaries etc.
2. Bihar	50.10	Details regarding distribution awaited.	Do.	
3. Gujarat	24.71	Distributed to 27 hospitals and dispensaries in the Filariasis areas of the State. The drug is being actually consumed.	Not known. (Data have to come from each Hosp. & Disp. Steps have been taken to obtain this at regular intervals.	3. A resolution was adopted for the establishment of night clinics and the utilisation of the drug in hospitals/dispensaries etc. at the Annual meetings of the Malaria and Filaria

workers held at Calcutta in June 1965. The resolution has been circulated by the Ministry of Health to all the participating States etc.

4. All the participating States have again been addressed in July, 1965 to intimate the details of the drugs consumed.

5. The participating States have again been addressed to furnish the details.

Not known. (Data have to come from each Hosp. & Disp. Steps have been taken to obtain this at regular intervals.)

56.45 Distributed to 29 hospitals and dispensaries in the filariasis areas of the State. The drug is being actually consumed.

0.93 Distributed to 10 hospitals and dispensaries in the filariasis areas of the State. The drug is being actually consumed.

52.00 Distributed to 446 hospitals and dispensaries in the filariasis areas of the State. The drug is being actually consumed.

5.50 Entire quantity transferred to Medical side and is actually being used.

10.09 Do.

62.91 Details regarding actual distribution awaited.

12.50 Entire quantity transferred to FTC, Calicut for use under the *B. malayi* project.

30.11 29.68 lakhs tablets transferred to Filariasis Training Centre Calicut for use under *B. malayi* project. Balance retained for experimental purposes.

1	2	3	4	5
12. West Bengal . . .	1.49	Entire quantity transferred to Medical side and is actually consumed.	Details awaited	
13. Andaman & Nicobar Islands	3.00	1.5 lakh tablets transferred to Filariasis Training Centre, Calicut and the balance retained for experimental purposes.	Do.	

Recommendation

In regard to Dieldrin, the Committee learnt from Audit that the first consignment was received in India in January, 1956, and that no adverse report on the use of the insecticides was received upto April, 1957 when the second supplement for 470 tons was signed. Subsequently it was reported that there was no appreciable reduction in the vector density even during the week following application of the spray. The Committee feel that the Ministry should have arranged to collect the data about the efficacy of the drug before placing orders for such a large quantity. They trust that such mistakes will be avoided in future.

[Serial No. 46 of Appendix XII to 35th Report (3rd Lok Sabha) 1964-65].

ACTION TAKEN

The use of insecticide under the National Filaria Control Programme has been discontinued since the surplus stock of dieldrin has been lifted by the Ministry of Food and Agriculture.

The recommendations of the Public Accounts Committee have trol of filariasis, will be preceded by adequate and prolonged observations on pilot scale.

The recommendations of the Public Accounts Committee have been noted for guidance in future.

This note has been vetted by audit.

Recommendation

While the Committee do not object to the granting of financial assistance to private medical colleges, they deprecate the manner in which grants were given in contravention of the elementary principles of financial propriety. Rule 149(3) of the General Financial Rules provides that before any grant is paid to a public body or institution, the sanctioning authority shall, as far as possible, insist on obtainig an audited statement of the account of the body or institution concerned in order to see whether any previous grant was spent for the purpose for which it was intended. The Committee regret to observe that this Rule was not properly followed and grants were continued to be given, year after year, without checking the fact whether the grants given in the previous years had been properly utilised or not.

[Sl. No. 47 Appendix XII to 35th Report (Third Lok Sabha—1964-65)]

ACTION TAKEN

The conclusion has been noted for future guidance.

Recommendation

The Committee deplore the practice adopted by the Ministry in sanctioning grants to private institutions without even having a written request from them; what to say of proper assessment of their needs and scrutiny of their proposals. The Committee are also unable to find any justification in several instances, of the Ministry sanctioning grants in excess of what the institutions themselves had asked for.

[Sl. No. 48 Appendix XII to 35th Report (Third Lok Sabha—1964-65)]

ACTION TAKEN

The conclusion has been noted for future guidance.

Recommendation

The Committee suggest that early steps should be taken to adjust the amount standing at the credit of Professor against the outstanding amount, as he has already given his consent for the same, and the balance recovered from him. The Committee may be informed of the final outcome.

[Sl. No. 50 of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The case of the Professor was again taken up by the Governing Body/the Institute in February, 1965. In view of the decision of the Governing Body/the Institute, the Professor was asked to forward an acquittance for Rs. 7,598·70, i.e. the full amount available at the credit in his C.P.F. accounts (including insurance money). He has sent the acquittance for the sum of Rs. 7,598·70 as asked for and that amount has been credited in 3/65 accounts in the Institute's funds.

2. A reference has been made to the Ministry of External Affairs in April, 1965 requesting them to enquire from the Professor through the Indian Embassy at Washington as to how he proposes to pay back the balance of his outstanding dues of Rs. 8,364·44 (Rs. 15,963·14 minus Rs. 7,598·70). The Ministry of External Affairs in turn has taken up the matter with the Embassy of India, U.S.A. and further communication from them is awaited. The balance of Rs. 8,364·44 includes Rs. 364·44 as Institute dues on account of rent etc. and Rs. 8,000/- penalty in terms of the Bond executed by him to serve the Institute for three years on completion of the training abroad.

Recommendation

The Committee can hardly appreciate the plea that "surveys confer some sort of claim on old squatters for alternative accommodations." The fact that as many as 488 cases had come to light after the survey conducted in 1959-60 goes to show that either the survey was not properly conducted or the records of the D.D.A. are not maintained correctly. The Committee trust that the D.D.A. will take suitable action to ensure that their records are brought up-to-date and no cases are left out.

[S. No. 52 of Appendix XII to 35th Report—Third Lok Sabha].

ACTION TAKEN

This relates to para 111 of the Audit Report (Civil) 1964 headed 'Unauthorised occupation of public lands. The increased of 488 in the total number of squatters is due to the fact that at the time of hearing of a case, and also at site inspections, the actual number of encroachers are in some cases, found in excess of the number appearing in the survey conducted in 1959. The names of such encroachers are also brought on record and damages against them assessed.

Although no formal survey for the entire area has been carried out, such pockets where fresh squatting in large numbers has come to notice, are being surveyed and lists of encroachers are being prepared for assessment of damages.

Recommendation

While considering the position of arrears relating to the assessment and recovery of damages from the unauthorised occupants mentioned in the Audit Report 1963, the P.A.C. in para 20 of their 18th Report had expressed the hope that with the coming into force of the Delhi Development (Amendment) Act 1963, the D.D.A. will be able to tackle the problem in a competent manner and would be able to recover the damages at least from the unauthorised occupants who are not bonafide displaced persons. The Committee regret to observe that no appreciable improvement has been made so far despite the fact that the Authority has been clothed with additional powers. The Committee would like the Authority to make an all-out effort to dispose of the cases of assessments which are pending for a long time to avoid the contingency of person not being traceable, as had happened in a number of cases. Further, fresh cases

of encroachments coming to light should be dealt with firmly instead of giving concessions one after the other as seems to have been done in the past.

[S. No. 53 of Appendix XII to 35th Report—(Third Lok Sabha)].

ACTION TAKEN

This also pertains to para 111 of the Audit Report (Civil) 1964. The powers to recover damages as arrears of land revenue were already provided in the Public Premises (Eviction of Unauthorised occupants) Act, 1958 and the new Section 40(a) in the Delhi Development (Amendment) Act, 1963 does not confer any additional powers. Frequent use of the powers is now being made to recover arrears as arrears of Land Revenue.

2. The number of cases in which first assessment has not yet been made has been reduced from 4021 on 31st December, 1964 to 3800 on 30th June, 1965 and 3224 on 30th September, 1965. The broad breakup of these cases is as follows:—

(i) Cases in which title to land is disputed.	252
(ii) Cases pending on account of dispute with the Custodian of Evacuee property.	101
(iii) Cases pending on account of dispute with the Delhi Waqf Board.	118
(iv) Cases in which the whereabouts of encroachers are not known.	1822
(v) Cases covered by stay orders of courts (since vacated and notices under issue).	513
(vi) Cases where the date of encroachment rate of damages and/or the area encroached upon is contested by the parties.	397
(vii) Others.	21
	TOTAL: 3224

Steps are being taken to see that all these cases are disposed of as early as possible.

3. In addition to 3224 squatters on whom first assessment has still to be made, there are 1377 squatters in whose case the first show

cause notices were cancelled. This leaves 14132 squatters who have been assessed to damages upto varying periods as shown below:—

(i) No. of squatters assessed upto 31st March, 1962.	14132
(ii) Out of (i), number of squatters assessed upto 31st March, 1963.	7899
(iii) Out of (ii), number of squatters assessed upto 31st March, 1964.	3011
(iv) Out of (iii), number of squatters assessed upto 31st March, 1965.	714

It may be mentioned that a total of 5265 pre-survey squatters have been evicted from the Authority's lands upto 30th June, 1965 and allotted alternative accommodation under the Jhuggi Jhonpri Removal Scheme. This coupled with the 1377 squatters mentioned above whose cases have been finally closed will not come up for further assessment. The number of squatters to be assessed hereafter would, thus, be about 12000 and this number would decrease progressively as further evictions and re-settlements take place.

It may also be added that assessments now being made are upto 31st March, 1965 irrespective of the fact whether these were previously made upto 31st March, 1962, 31st March, 1963 or 31st March, 1964.

4. The observations of the Public Accounts Committee regarding fresh cases of encroachment have been noted and already the Delhi Development Authority is taking action on the following lines:—

- (i) Steps are being taken to prepare lists of encroachers in pockets where fresh squatting in substantial numbers has come to notice, and to assess damages on them.
- (ii) In order to prevent re-squatting, the areas cleared of squatters, if not immediately required, are being fenced and chowkidars are also employed, where necessary.

Recommendation

The Committee feel that granting of a concession to such a large number of squatters (more than 50 per cent) who were not genuine displaced persons, merely on the plea that work had increased in settling their cases can hardly be justified. It is also unfortunate that the hopes of the Delhi Development Authority that by allow-

ing this concession they would be able to recover the dues quickly, have not materialised.

[S. No. 54 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

Observations of the Committee have been noted. Vigorous steps are being taken to recover the dues as speedily as possible. The total recoveries during 1964-65 amounted to Rs. 9.35 lakhs as against Rs. 7.83 lakhs during the previous year (1963-64).

Recommendation

The Committee are not satisfied with the result, namely recovery of Rs. 1.70 lakhs during the period October to December, 1964 as against Rs. 1.50 lakhs during the corresponding period of 1963. It is unfortunate that during the first half of the financial year no serious effort seems to have been made to recover the damages. If there was staff shortage, it should have been removed. Even after their appointing more staff the progress made is almost negligible. The Committee desire that the machinery may be further geared up to step up the progress of recovery of the outstanding dues.

[S. No. 55 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

The observations of the Committee have been noted. The Authority is making strenuous efforts to step up the pace of assessment and recovery of damages. It may be added that although extra staff was sanctioned, suitable officers were not available and efforts are again being made to obtain some officers on deputation from other States.

Recommendation

The Committee feel concerned to note that even though two years have elapsed since the matter was pointed out by Internal Audit, no suitable action has been taken by the Authority either to evict the unauthorised occupants or to realise damages from them. It is surprising that the field staff were making futile attempts all this time to inspect the old records but no action was taken even to serve notices on the parties. The Committee desire that the matter may be further examined and responsibility fixed for the inaction and delay on the part of officials concerned.

[S. No. 56 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

- (i) The notices for eviction/damages have since been served on 90 squatters.
- (ii) The question regarding fixation of responsibility is being examined. A 'note' indicating the final action taken in the matter will be submitted in due course.

Recommendation

The Committee desire that the settlement of old cases of leases where buildings had not been constructed may be pursued more vigorously and the results achieved reported to them. The Committee consider it strange that the Authority should have initiated legal proceedings in 20 cases, at the cost of the Authority, even though the lessees had already been given vacant possession. The Committee desire that this lapse should be properly investigated and responsibility fixed.

[S. No. 57 of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The position regarding realization of penalty from lessees/owners for non-construction as on 30th June, 1965 is as follows:—

(i) Cases outstanding on 31st December, 1964.	477
(ii) Fresh cases during half year ending 30th June, 1965.	12
TOTAL:	489
(iii) Cases finally disposed of upto 30th June, 1965.	24
(iv) Balance outstanding on 30th June, 1965.	465

Break up

(a) Cases in which recovery is being made.	155
(b) Cases in which demand raised are contested by the lessees.	172
(c) Cases in which demand has yet to be raised	77
(d) Cases of evacuee plots.	61
TOTAL:	465

NOTE.—The Authority vide resolution No. 252, dated 17th May, 1965 has decided that the construction of 2½ storeyed building should not be insisted upon where there is no specific condition in the lease deed. Most of the cases in category (c) above are of single storeyed construction and are likely to be closed shortly, after scrutiny.

Amount Recovered

(i) Cases finally decided 126	Rs. 2,87,634
(ii) Recovery in other cases 155	Rs. 2,62,474
	<hr/>
TOTAL:	Rs. 5,50,108
	<hr/>

The decision to initiate eviction proceedings against squatters on leased out land was taken in Authority's Resolution No. 464, dated 14th December, 1959 which was subsequently amended in Resolution No. 266, dated 21st June, 1963. The circumstances in which the question regarding recovery of cost of such legal proceedings from the lessees concerned was lost sight of is being looked into as desired by the P.A.C. and a further note indicating the action taken to fix responsibility for the lapse will be submitted in due course.

Recommendation

This is another case of non-revision of ground rent relating to Sadar Bazar Zone in which a matter pointed out by the Internal Audit was not dealt with promptly by the Authority. The Committee would watch the results of the steps taken by the Delhi Development authority namely preparation of the year-wise list of all cases of leases, etc. through subsequent Audit Reports.

[S. No. 58 of Appendix XII to 35th Report (3rd Lok Sabha).]

ACTION TAKEN

This relates to para 115 of the Audit Report (Civil), 1964.

A draft agenda item for revising the rents is under preparation and will be placed before the Authority shortly. The decision of the Authority in this regard and the action taken in pursuance of that decision will be communicated in due course.

Registers of leases due to expire by 1970 have already been prepared and a proposal to complete these registers covering leases expiring upto 2000 A.D. is under consideration.

Recommendation

The Committee are surprised to learn that even the Registrar's office had not been approached so far to get the duplicate copies of the deeds pertaining to cases of Sadar Bazar South. Such lapses as

reported in this and earlier paragraphs the Committee feel do not speak well of the working of the Delhi Development Authority.

[S. No. 59 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

This is in connection with para 115 of the Audit Report (Civil) 1964.

It appears that the lease deeds in these cases executed in 1918 were not registered as these lease transactions do not find place in the Register maintained in the Registrar's office which have been consulted, against the dates on which registrations are shown to have taken place in the old Rent Roll Register traced out recently in the Authority's office. The entries of the said register indicate that the terms of lease as originally entered was 50 years but, by subsequent change, the figure '50' was scored out and substituted by '90' years. The correction in the register bears an officer's initials. In the column 'date of renewal', the entry dated 1st January, 1938 is given. As already stated, the lease deeds and the relevant files are not traceable. In these circumstances, it is proposed to act on the entries as standing in the Rent Rolls Register and the Jama-bandi and to demand enhanced rent from the lessees from the year 1938 treating them as 90 years' leases.

Recommendation

The Committee would suggest that necessary steps, including appointment of a special officer, should be taken to gear up the assessment and recovery of damages, rent etc. without further delay.

[S. No. 60 of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

An officer was appointed with effect from 4th June, 1965 with a view to streamline the office procedure and administrative machinery and to suggest measures for efficiency and economy. He has also been asked to examine the procedure for assessment and recovery of damages and for the maintenance of good land records and on receipt of his report further necessary action in the matter will be taken.

Recommendation

The Committee regret to note the vacillating attitude taken by the Delhi Development Authority in the case reported in para 63. They desire that early steps to regularise or remove the unauthorised occupation may be taken as the matter has been outstanding for a long time.

[S. No. 61 of Appendix XII to 35th Report (3rd Lok Sabha)].

ACTION TAKEN

The observations of the Public Accounts Committee relate to unauthorised occupation of land on Nehru Parbat Jhandewala by persons claiming to be the followers of Pir Rattan Nath mentioned in para 116 of the Audit Report (Civil) 1964.

Out of this land, Pir Manmohan Dass, the present Pir Malik Gaddi Nashin, has been offered for allotment 3803.77 sq. yds. of land vide Authority's Resolution No. 270 dated 24th April, 1963. The regularisation of the unauthorised occupation by means of allotment of the land in question depends upon the fulfilment of the condition regarding registration of the Dargah under the Societies Registration Act. Meanwhile, damages have been assessed and are under recovery from the unauthorised occupants at site.

Recommendation

The Committee do not approve the casual manner in which Delhi Development Authority treated the direction issued by Government in 1958. Even if there was some tacit understanding in the Ministry that the Authority had an arguable point, it can hardly justify the Delhi Development Authority's action in not implementing Government's order and representing for its revision after more than a year. The Ministry of Health would be well advised to take suitable measures to guard against recurrence of such cases.

[S. No. 62 of Appendix XII to 35th Report (Third Lok Sabha).]

ACTION TAKEN

As already explained, the Government orders required levy of penalty for non-construction or belated construction with effect from 15th July 1958, whereas the Authority is recovering such penalty with effect from an earlier date viz., 1st January 1956 for building not constructed upto 31st March, 1958.

Although the decision to levy 50 per cent of the penalty in cases where single storeyed houses had been constructed by the lessees was taken by the Authority in August 1960, the penalty was imposed at the full rate in all such cases upto 5th April 1962 when Government approval to the reduced rate was received. There has, thus, been no case of non-implementation of Government orders.

Comments of the A.G.C.R.

The position has been verified from the records of the Delhi Development Authority on the spot. The reply contained in para 1 of the 'note' does not seem to be correct. The orders contained in

the Ministry of Health letter No. F. 13-143/58, dated 27th December 1958 (Annexure I) required that penalty at 5 per cent per annum should be charged with effect from the date given in the lease by which the building was to be completed to the date on which it was actually completed, under the supplemental agreement. Instead, the Delhi Development Authority had been charging at the following rates for the periods noted against each (Resolution No. 62 dated 24th February 1960):—

- (i) No penalty for the period ending 31st December 1955.
- (ii) From 1st January 1956 to 31st March 1958—A lump sum payment at 5 per cent of the initial premium/sale money.

In addition, the Government of India's orders provided that 5 per cent of the premium should be levied for withdrawal of the order or notice to show cause against an order for re-entry, but this was not at all charged by the Delhi Development Authority.

The Ministry may re-examine their reply in the light of the above remarks. The steps taken to guard against such cases may also kindly be indicated in the 'note'.

Comments of the Government

The Accountant General, Central Revenue's contention that the Ministry of Health orders of 27th December 1958 (copy enclosed) Annexure I required the penalty at 5 per cent to be charged with effect from the date given in the lease deed by which the building was to be completed does not seem to be correct. A perusal of para 2 of the Government letter would clearly indicate that the penalty was to be calculated for the period counting from the date by which the would-be lessees were earlier permitted to put up construction. This is the only penalty leviable and there is no additional penalty @ 5 per cent for withdrawal of the show cause notice for re-entry as stated by the Accountant General, Central Revenues.

Prior to the receipt of Government orders referred to above, the Authority had already taken a decision, vide Resolution No. 322, dated the 7th August 1958 (copy enclosed, Annexure II) that no penalty need be levied in cases in which the building was completed by 31st March 1958 and where this was not the case, a lump sum penalty @ 5 per cent should be levied for the period 1st January 1956 to 31st March 1958 and at 5 per cent per annum thereafter.

As already explained in the earlier remarks against this para, the preamble to the form of the Supplemental agreement forming enclosure to the above orders contains a provision indicating that the lessees were to be given a final notice to remedy the breach by erecting and completing the building in accordance with the terms

and conditions of the principal agreement by the 14th July 1958. This would mean that the penalty according to the supplemental agreement was to be calculated from the 15th July 1958 at 5 per cent per annum of the premium in case the buildings had not been constructed. It is understood that this practice is still being followed by the Land and Development Officer and penalties for non-construction/delayed construction are only calculated with effect from the 15th July 1958. In view of the above, there has been no departure from the Government orders and the note as prepared needs no change.

The matter is being reviewed in consultation with the Ministry of Finance and a further communication will be sent in this regard.

ANNEXURE I

No. F. 13-143/58-G

GOVERNMENT OF INDIA

MINISTRY OF HEALTH

New Delhi, the 27th December, 1958

A copy of the undermentioned papers are forwarded to the Directorate General of Health Services/All India Institute of Medical Sciences/Town Planning Organisation/Delhi Development Authority with the request to follow the same procedure in respect of plots under its administrative control.

By Order,
Sd/-
(A. K. DAR),
Under Secretary.

Copy with enclosure to all Sections for information and necessary action. Copy to Monday List.

LETTER No. L-23(10)/58, DATED THE 11TH DECEMBER, 1958 FROM THE MINISTRY OF WORKS, HOUSING AND SUPPLY TO THE MINISTRY OF HEALTH, ETC. ETC.

SUBJECT.—*Withdrawal of pre-entry notices in respect of the plots which remained un-built beyond 14-7-58 execution of supplemental agreements.*

I am directed to refer to the correspondence ending with Land and Development Officer's U.O. No. 4668-L, dated the 11th October, 1958 and to say that the President is pleased not to insist on the re-entry of the plots purchased by various individuals during the auctions held by Government, which remained un-built beyond 14th July, 1958 subject to a supplemental agreement (draft copy enclosed) being executed by the Parties concerned and provided the only cause for ordering re-entry is that the would be lessees had delayed construction beyond the period stipulated in the terms of the agreement for lease. The right of re-entry may, however, be exercised in cases in which the would be lessees are not willing of their own accord to execute the supplemental agreement. No other penalty besides the

5 per cent of the premium as envisaged in the draft agreement should be levied for withdrawal of the order or notice to show cause against an order for re-entry in such cases, and then would be lessees may be permitted an extension of one year, counted from the date of conveying the order of lessees, for completing the constructions on the plots. The specific date upto which the extension is given should be specially mentioned in the supplemental agreements.

2. The penalty due under the supplemental agreement would be 5 per cent per annum of the premium calculated for the period counted from the date which the would be lessees were earlier permitted to put up construction to the date by which they would now be permitted to do so under the supplemental agreement.

3. Pending execution of the supplemental agreement, the L. & D.O. may be directed to proceed with the scrutiny and sanctioning of Plans which he might have received or may receive in respect of plots which still remain unbuilt upon, in the usual course and subject to the usual conditions, provided the concerned lessees actually pay the amounts of penalty and also give an undertaking to execute the supplemental agreement, within a couple of months.

ANNEXURE II

DELHI DEVELOPMENT AUTHORITY

COPY OF RESOLUTION NO. 322 PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 7-8-1958.

SUBJECT.—*Enforcement of condition of lease/agreement about building construction.*

A reference is invited to Authority's Resolution No. 150, dated 10th April 1958 (appendix—C). The necessary information has since been compiled and is attached herewith (appendix—D).

2. The case was submitted before the Standing Committee of the Authority in their meeting held on 29th May, 1958 who resolved *vide* their resolution No. 2 dated 29th May, 1958 that the following recommendation be made to the Authority—

- “(1) In cases in which building construction was done from the period 1st January 1956 to 31st March 1958, no penalty be levied;
- (2) In all the 384 plots mentioned in appendix B, demand notices asking for payment of a penalty at the following scale may be issued—
 - (a) For the period 1st January 1956 to 31st March 1958, a lump sum penalty at 5 p.c. of the premium;
 - (b) For the period after 31st March 1958 and until the plot is actually built upon, a penalty at the rate of 5 p.c. per annum of the premium.

In those cases in which applications for transfer of plots are pending, a penalty at the scale mentioned above be levied and on realization of the penalty, transfer of the plot be permitted. In cases in which the penalty is not paid in cash, an agreement may be taken from the transferee that penalty at the prescribed rate would be payable by him subsequently.”

The case was, however, resubmitted to the Standing Committee in view of the opinion of the Finance and Accounts Member that the penalty for non-construction should be realised @ 5 per cent of the

market value as per Trust Board's Resolution Nos. 162, dated 18th May, 1954 and 349, dated 5th December 1957 (appendices E and F) instead of 5 per cent of the premium as was recommended by the Standing Committee. He had observed that there was adequate justification for this procedure as the Trust plots were sold a number of years ago and a large number of these had changed hands also several times without being constructed upon. Restriction of penalty at 5 per cent of the premium only would not, therefore, be adequate and duly effective, as in the majority of these cases it is not likely to have a proper relation to the price at which the plots were bought by the last purchasers.

The Standing Committee in their meeting held on 26th June, 1958 agreed that the modification suggested by the Finance and Accounts Member be accepted. It was also agreed that the original suggestion that where a lessee failed to pay the penalty in cash, an agreement be taken from him be dropped.

The following recommendations are therefore placed before the Authority for consideration and orders—

- (1) In cases in which building construction was done during the period 1st January 1956 to 31st March 1958, no penalty be levied.
- (2) In all the 384 plots mentioned in the appendix-D demand notices asking for payment of penalty at the following scale may be issued—
 - (a) For the period 1st January 1956 to 31st March 1958, a lump sum penalty at 5 per cent of the market value.
 - (b) For the period after 31st March 1958 and until the plot is actually built upon, a penalty at the rate of 5 per cent per annum of the market value.

In those cases in which applications for transfer of plot are pending, a penalty at the scale mentioned above be levied and on realization of the penalty, transfer of the plot be permitted.

[No. S.2(18)-49]

RESOLUTION

Resolved that the recommendations noted above be accepted.

Appendix C to Item No. 322

COPY OF RESOLUTION NO. 150 PASSED AT AN ORDINARY MEETING OF THE DELHI DEVELOPMENT AUTHORITY HELD ON 10TH APRIL, 1958.

SUBJECT.—Enforcement of conditions of lease/Agreement about building construction.

In accordance with Trust Board's resolution No. 244 dated 6th July, 1954, the question regarding the grant of extension of time for the completion of construction of buildings on plots leased out or sold by the Delhi Improvement Trust, was referred to the Government of India, Ministry of Health. The matter was considered at a meeting held in the Ministry of Works, Housing and Supply on 10th October 1957 in respect of plots leased out by the Land and Development Office and it was decided at that meeting that the Land and Development Officer should issue final notices to the defaulters, giving 15 days time, to show cause as to why the plots should not be re-entered upon by the Government for non-fulfilment of the terms of the Agreement. In the case of transferees, where there is provision for the levy of penalty at the rate of 5 per cent of the premium, the transferees are to be asked to show cause as to why penalty should not be enforced for not completing the construction within the stipulated time of one year as was agreed to by them. The replies to these notices are to be examined by the Land and Development Officer on the merits of each individual case to enforce re-entry where considered necessary, with the approval of the Chief Commissioner, Delhi, and the Ministry of Finance (Delhi/State Division).

To ensure that action in exercising re-entry is legally in order, the matter is being examined by the Ministry of Law.

In order to ensure uniformity, the Ministry of Health have asked us that action may be initiated on these lines in respect of the plots leased out by the Delhi Improvement Trust also.

2. In pursuance of these instructions of the Government of India, it is proposed to issue 15 days notices to holders of vacant plots. In fact so far as the Delhi Improvement Trust is concerned, notices had been issued previously and the notice period expired in all the cases before 31st December, 1955. In connection with the transfer of vacant plots the Trust Board had already decided in its resolution No. 349, dated 5th December, 1957 read with resolution No. 354 dated

24th December, 1957 to make the levy of 5 per cent on the market value of the land from the transferor or the transferee as the case may be with effect from 1st January 1956 upto the date of transfer and to allow the transferee a period of one year in which to complete the building, but on his failure to do so, to charge him for further extension of time. It is proposed to follow the same principle in regard to vacant plots whether in the possession of the original lessees or in that of the transferees.

3. In cases where the construction was completed before 1st January 1956, the question of charging the penalty does not, of course, arise. Difficulty would, however, arise in the realisation of the penalty in case of buildings constructed after 1st January 1956, for in most of such cases the building security has already been returned and we no longer have any hold on the owners. In such cases, therefore, it might be advisable to shut our eyes to the belated construction of the buildings and not to charge any penalty therefor, for, the very object of our issuing the notices was to expedite the construction of the building. A dead-line would, however, have to be fixed for this purpose and it is suggested that this might be the 31st March 1958 upto which if a building has already been constructed no penalty should be charged. Where, however, buildings have not been constructed so far at all, the penalty would be charged from 1st January, 1956.

Hard cases would, of course, be brought before the Authority.

[No. S/2(18)-49]

RESOLUTION

Resolved that in the first instance a statement be prepared to show the magnitude of the problem. This statement should give the following information in respect of sold and leased plots but which have not been built upon:—

- (a) Name of scheme or locality.
- (b) Block number and plot number.
- (c) Whether the plot is vacant or in adverse possession.
- (d) If in adverse possession, brief description of structures, if any.
- (e) Date of lease/sale.
- (f) Date by which building should have been completed.

Appendix—D to item No. 322

Sl. No.	Name of Area	Plots vacant	Plots squatted upon	Plot leased out by the owner	Plot partly squatted and leased out by the owners	Total
1.	Western Extension Area	50	86	20	14	170
2.	Hathi Khana Scheme	..	9	9	..	19 one plot is occupied by owner.
3.	New Delhi North City Extension Scheme	3	3		1	7
4.	Ahata Kidara Scheme	2	1	1	..	4
5.	Darya Ganj Police Station.		..	1	..	1
6.	Darya Ganj South	2	1	..	..	3
7.	North City Extension Scheme No. II.	15	4	..	..	19
8.	D.A.G. Scheme	4	3	1	..	8
9.	Roshanara Extension Scheme	45	28	5	11	89
10.	Original Road Paharganj	1	..	..	33	34
11.	Industrial Area Scheme	15	5	..		20
12.	Jhandewala Block 'E'	5	4	1	..	10
		142	144	38	59	384 one plot Hathi Khana Schgme is occupied by the owner.

Appendix F to Item No. 322

COPY OF RESOLUTION NO. 349 PASSED AT AN ORDINARY MEETING OF THE DELHI IMPROVEMENT TRUST HELD ON 5TH DECEMBER, 1957.

SUBJECT.—*Transfer of unbuilt plots and extension of time limit for the construction of buildings—Request for reconsideration of policy thereof.*

Reference is invited to Board's resolution No. 160 dated 18th May 1954 in which the Board resolved that (i) Transfers be permitted in respect of unbuilt free-hold plots on payment of 7½ per cent of the sale price as composition fee and the transferees be allowed a maximum period of 18 months for construction and (ii) in case where extension of time after the expiry of notice is asked for by the plot owner himself, it be granted upto one year on payment of 5 per cent of the market value.

2. In connection with the Board's decision at (i) above, it is submitted that it has been noticed during all this time that the parties seldom declare the actual price at the time of the sale of the plot in their deeds and there is reason to believe that it is always less than the actual price paid for the plot. It is, therefore, suggested that the composition fee at the rate of 7½ per cent of the market value of the land (to be assessed by the Trust office itself), instead of the sale price as mentioned in the Board's resolution, be charged in case of transfers of un-built up free-hold plots.

3. So far as the decision at (ii) is concerned, the matter as desired by the Board *vide* their resolution No. 244 dated 6th July 1954, has been referred to the Government of India whose decision is still awaited. Pending a final decision, no charges are being levied in cases where the buildings have been completed even though later than the stipulated date i.e. 31st December 1955. Copy of Government of India's letter is appendix—B.

4. It is further brought to the notice of the Board that the intended vendees/lessees are selling their interest in the plot without constructing the buildings. In such cases, till now, the practice has been to allow the transfer after getting an undertaking from the purchasers that they will be liable to pay 5 per cent levy according to Government orders in addition to other conditions. But, it seems impracticable, and inequitable also, to charge the levy from the pur-

chasers from the date of expiry of construction notice to the intended vendees/lessees.

5. The point for consideration is whether we should continue the present practice of getting an undertaking from the purchasers that they will be liable to pay the prescribed levy or we may charge the levy of 5 per cent on the market value of the land from the transferor (or the transferee if he agrees to pay) and if so from what date.

6. So far as the question of charging the levy from the transferor (or the transferee if he agrees) is concerned, it is suggested that in such cases we may charge the levy of 5 per cent on the market value of the land from the transferor or transferee as the case may be upto the date of transfer and transferee be allowed a period of one year in which to complete the building but on his failure to do so he may also be charged for further extension of time.

7. As regards the date from which this levy of 5 per cent should be charged, it should ordinarily be the date of expiry of construction notice but this will create an uniform policy. Almost all the construction notices expired in November-December 1955 and it is therefore, suggested that the date of charging this levy be fixed as 1st January 1956.

8. The Deputy Secretary, Ministry of Finance who has seen the file has accepted the principles enunciated in the proposals in the foregoing paragraphs. However, following the practice in the Land and Development Officer's office, he has suggested that the levy of the penalty specified in paragraphs 5 and 6, should be from the transferee only and not from the transferor.

So far as the Trust is concerned, under the terms and conditions in the lease, sale etc. deeds in normal cases, the original lessee has to seek the permission of the Trust before making any transfer and it is the original lessee who gets the unearned increase accruing from the sale of which we demand a share. Till such time as the sale is not recognised in the books of the Trust, it has no direct relations with the transferee. It would, therefore, seem to be quite logical that our demand should be on the original lessee and not on the transferee who comes much later into the picture. Similarly, in the case of the building levy, the original lessee is liable upto the date of transfer and not the transferee. In cases however, where through an agreement between themselves the transferee agrees to pay what the transferor would have paid to the Trust, there would be no objection to accept our dues from the transferee. This is why it has been suggested that the levy may be made from the transferor or the transferee, if he agrees to pay.

9. The matter is placed below the Board for orders. The Board may kindly also indicate such cases which are now pending in the Trust Office awaiting a final decision, should be dealt with in accordance with the old practice or the new decision should be applied to these cases also.

[File No. S. 9(23)-49]

Resolved that 5 per cent levy be imposed. Cases of hardship should, however, come up to the Board.

Recommendation

In this connection the Committee would invite attention to observations contained in paras 4 and 5 of their 18th Report (Third Lok Sabha), indicating scope for economy in staff, and suggest that a comprehensive review of staff required in the various branches of the Delhi Development Authority may be conducted without further loss of time.

[Sl. No. 63 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

An officer trained in O. & M. has since been appointed with effect from the 4th June, 1965 with a view to streamline the office procedure and administrative machinery and to suggest measures for efficiency and economy. Further action in the matter will be taken on receipt of his report which is expected by the end of December, 1965.

In this connection, reference is invited to the reply already sent with reference to the recommendation contained in para 4 (Serial No. 1 of the Appendix) of the 18th Report of the Public Accounts Committee (3rd Lok Sabha).

Recommendation

The Committee trust that the Delhi Development Authority will strictly follow the principles mentioned in the paragraph of Report in the allotment of land to the people whose land has been acquired by them.

[Sl. No. 64 of Appendix XII of 35th Report (Third Lok Sabha)].

ACTION TAKEN

The allotments of developed plots to persons whose lands were acquired, are made by the Delhi Administration, and not by the

Delhi Development Authority. The Housing Commissioner has stated as follows:—

"The principles mentioned in the said paras are being followed, as far as practical considerations permit, by the Delhi Administration, in regard to the allotments of alternative plots to those individuals whose lands are acquired under the scheme of 574 large scale acquisition, development and disposal of land in Delhi."

Recommendation

The Committee trust that the Delhi Development Authority will benefit by their earlier experience and ensure that before making further allotment of land to the industrial units for shifting them from the non-conformed areas, specific agreements are entered into and guarantees obtained for the proper implementation of the intention. The Committee are also of the view that the land to be allotted to the industrial units for shifting from the non-conforming areas should be more or less equivalent to the existing land in the non-conformed areas. Any additional land for future expansion etc. should, if necessary, be allotted separately at full market rates like any other industries.

[Sl. No. 65 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

A specific clause has been incorporated in the lease-deed requiring the lessee to stop the use of the existing premises for the purpose of any manufacturing process or running of any factory within 2½ years from the date of execution of the lease. In the event of non-compliance/breach of this, as well as other lease conditions, the lease can be cancelled and the lessor can re-enter upon and take possession of the plot and the building and fixtures thereon without payment of any compensation.

As regards the area to be allotted to the non-conforming industrial units, most of these units are running in extremely congested and unhealthy conditions and it would, therefore, be necessary and desirable to give them more land than the area in their occupation at present. The formula evolved in this respect by the Delhi Development Authority and the Chief Commissioner is that allotment of land to the non-conforming industrial units is made at pre-determined rates upto a maximum of twice the existing area in the case of units in occupation of more than 400 sq. yds. and three times the existing area in the case of smaller units whose present area is less than 400 sq. yds. subject to marginal adjustments. The

land requirements of each unit are assessed by the Directorate of Industries and if the land assessed by them is more than twice/thrice the existing area, the excess area may be allotted at 10 per cent above the pre-determined rates and not at full market rates. This formula should adequately take care that no industrial unit is allotted land in excess of its genuine requirements.

Recommendation

The Committee observe from the note furnished by the Ministry that the sale-deed which could not be executed since 1948 was finalised within a period of three months after the Public Accounts Committee recommended in February, 1964 to review the position. It is also observed that, "the second recital of the sale-deed clearly, indicates that the allotment of land to the Company was for the removal of their establishment from the city area to the said land." The Committee are surprised that the intention of the allotment of the land has not been incorporated in the operative portion of the agreement. They desire that the D.D.A. should review the whole position as already suggested in para 22 of their 18th Report (Third Lok Sabha) and examine what could be done to see that the intentions of the allocation of land are really fulfilled. The results of the review undertaken should be reported to the Committee.

[Sl. No. 66 of Appendix XII to 35th Report (Third Lok Sabha)].

ACTION TAKEN

The position in respect of execution of the sale deed in favour of Delhi Cloth Mills had already been explained in the previous notes. In this case, the sale-deed was executed in consultation and after obtaining approval of the Government of India. The Solicitor General of India had already given his opinion that nothing can be done with regard to the removal of their establishment from the city area to the said Najafgarh Industrial Area where the land had been allotted to the Delhi Cloth Mills since this condition had not been incorporated in the operating portion of the agreement. The sale-deed in favour of Delhi Cloth Mills has already been executed and signed by the parties on the 20th May, 1964, and registered on 30th May, 1964.

The papers have been looked into and it appears that in view of the highest legal opinion, no further action in the matter can be taken

Recommendation

The Committee feel unhappy that some important schemes such as relating to flood control and similar calamities in Delhi could not be implemented by the Corporation partly due to lack of material and personnel and partly due to the fact that the schemes were not sanctioned expeditiously. This in the opinion of the Committee disclosed a sorry state of affairs and lack of co-ordination which affected ultimately the public in general. The Committee desire the Ministry of Health to investigate such failures and to ensure that important schemes like flood control measures for the Capital do not suffer owing to lethargic approach of the authorities concerned.

[Sl. No. 9 of Appendix XXVII to 39th Report (Third Lok Sabha)].

ACTION TAKEN

The Ministry of Health have also been much concerned with the inordinate delay in the execution of anti-flood works by the Municipal Corporation of Delhi. The matter was taken up at the Minister's level with the Minister of Home Affairs as well as the Mayor, Municipal Corporation of Delhi. A copy each of the letters dated the 22nd December, 1964 is enclosed. The Mayor, Municipal Corporation of Delhi explained that the delay was largely due to the following reasons:—

(i) Contracts for sewerage works could not be fixed up as the National Building Construction Corporation laid down a condition that only works of the value of Rs. 10 lacs and above will be undertaken by them on "actual cost plus 20 per cent basis."

(ii) Shortage of cement.

2. In regard to (i) above, it may be mentioned that the matter was followed by D.O. letters from the Union Home Minister to the Minister of Works and Housing and by the Home Secretary to the Secretary, Ministry of Irrigation and Power for award of works to M/S National Building Construction Corporation and National Project Construction Corporation respectively. M/S National Building Construction Corporation have since agreed to execute the works.

3. As regards (ii) above, though efforts are being made to obtain large quotas of cement for the Corporation but in view of its acute shortage, it is not possible to proceed with these works with the necessary speed.

4. The position is constantly being reviewed in consultation with the authorities concerned and it is hoped that schemes will be implemented soon.

ENCLOSURE

No. F. 5-31/64-LSG I Pt. III.

MINISTER FOR HEALTH

NEW DELHI

December 22, 1964.

My dear Nandaji,

A Committee had been appointed in 1958 for planning measures against floods and similar calamities in Delhi under the Chairmanship of Shri K. C. Reddy, the then Minister for Works, Housing and Rehabilitation. This Committee made certain specific recommendations which were approved by the Cabinet with a directive for their implementation in three phases as indicated below:—

Phase I. (included works which required to be completed before the 1959 monsoon).

Phase II. (included works which were required to be completed before the 1960 monsoon).

Phase III. (included the remaining works to be taken later).

From the latest progress report for the period ending 31st July, 1964, received from the Secretary, Delhi Floods Co-ordinating Committee, Ministry of Home Affairs, it appears that some of the works included in phase I and phase II, which were required to be completed before the 1959 monsoon and 1960 monsoon, respectively, have not been completed even now and no action has so far been initiated on some of the works included in phase III. The Secretary, Delhi Floods Co-ordinating Committee will be in a position to indicate the upto-date position with regard to these works.

The leisurely way in which the anti-flood works are being executed by the Corporation is causing me great concern and anxiety. The Corporation authorities were asked to indicate the reasons but the explanations given are not at all satisfactory. This matter has also been discussed by the officers of the Ministry of Health

in various meetings with the representatives of the Delhi Municipal Corporation who have neither been able to give any satisfactory explanations for the inordinate delay in the execution of these works nor have brought any insuperable difficulties to our notice.

While I am pursuing this matter personally with the Mayor, I thought I might also bring this to your notice for such action as the Ministry of Home Affairs may consider appropriate.

With kind regards,

Yours sincerely,

(Sd.) SUSHILA NAYAR

Shri Gulzari Lal Nanda,
Minister for Home Affairs,
NEW DELHI.

December 22, 1964.

My dear Bawaji,

You may be aware that a Committee was appointed in 1958 for planning measures against floods and similar calamities in Delhi under the Chairmanship of Shri K. C. Reddy, the then Minister for Works, Housing and Rehabilitation. This Committee made certain specific recommendations which were approved by the Cabinet with a directive for their implementation in three phases as indicated below:—

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The leisurely way in which the anti-flood works are being executed by the Corporation is causing me great concern and anxiety. The Corporation authorities were asked to indicate the reasons but the explanations given are not at all satisfactory. This matter has also been discussed by the officers of the Ministry of Health in various meetings with the representatives of the Delhi Municipal Corporation who have neither been able to give any satisfactory explanations for the inordinate delay in the execution of these works nor have brought any insuperable difficulties to our notice.

I shall be grateful if you kindly look into the matter personally and take suitable action to get the works completed very early.

Yours sincerely,

(Sd.) SUSHILA NAYAR.

Bawa Bachittar Singh,
Mayor,
Delhi Municipal Corporation,
Town Hall,
DELHI.

Recommendation

The Committee do not appreciate the advice given by the Ministry of Finance in this case for diverting funds from the savings for giving grants to private medical colleges. The fact that subsequently necessity was felt of opening a separate sub-head so that at least in future the expenditure could be brought to the notice of the Parliament would also confirm the Committee's view that the expenditure on this account should have been treated as a 'New Service'.

[Sl. No. 14, Appendix XXVII to 39th Report (Third Lok Sabha—1964-65)].

ACTION TAKEN

The conclusion has been noted for future guidance.