

**FORTY-SECOND REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1980-81)**

**(SEVENTH LOK SABHA)**

**UNAUTHORISED OCCUPATION OF SALT  
LAND—Bharpur Salt Works  
AND  
DRY HYDRATED LIME AND CLAY  
POZZOLANA PLANTS**

**MINISTRY OF INDUSTRY**  
**(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)**  
**AND**  
**MINISTRY OF WORKS AND HOUSING**



*Presented in Lok Sabha on 28 April, 1981*  
*Laid in Rajya Sabha on 28 April, 1981*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April, 1981/Vaisakha, 1903 (S)*

*Price 1 Rs. 3. 90 P.*

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### PART II\*

#### MINUTES OF THE SITTINGS OF THE PUBLIC ACCOUNTS COMMITTEE (1980-81) HELD ON

- 25 October, 1980
- 5 December, 1980
- 18 March, 1981
- 15 April, 1981.

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\* *Not Printed.* One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library.

PUBLIC ACCOUNTS COMMITTEE  
(1980-81)

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1. Shri H. G. Paranjpe—*Joint Secretary*
2. Shri D. C. Pande—*Chief Financial Committee Officer*
3. Shri T. R. Ghai—*Senior Financial Committee Officer*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Forty-Second Report on Paragraphs 5 and 11 of the Advance Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Civil) on unauthorised occupation of salt land—Bharpur Salt Works and dry hydrated lime and clay pozzolana plants.

2. The Advance Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Civil) was laid on the Table of the House on 26 March, 1980.

3. In Chapter I of this Report, the Committee have observed that an area of 138.7 acres of land leased out in 1845 in the erstwhile Bombay State for a period of 99 years had remained under unauthorised occupation even after the expiry of lease period in 1943. The Government did not take any action to resume the land with the result that on that land now unauthorised multi-storeyed buildings have come up. The Committee have recommended investigation in this case and have also desired that the eviction proceedings already initiated under the Public Premises (Eviction of Unauthorised Occupants) Act should be completed expeditiously. As there are likely to be many more cases of salt land under unauthorised occupation of private parties in Maharashtra and other regions, the Committee have recommended that a cell under the charge of senior officers should be constituted to scrutinise the records of all the lands under Salt Works in different States, to bring them up-to-date within time bound programme and to maintain them on a continuing basis.

In Chapter II of the Report, the Committee have dealt with a project set up in Delhi for production of dry hydrated lime and clay pozzolana to meet the acute shortage of cement and non-availability of standard quality of lime at Delhi. This project did not succeed due to various reasons and the plants had to be closed down in May 1980. The Committee while deploring the manner in which the project was conceived and executed have recommended for an enquiry to find out the various deficiencies due to which the plant had poor off-take and had to be ultimately closed down. Since CPWD are considering to take over the plants, the Committee have asked the Government to consider the possibility of operating the plants

through National Building Organisation after making fresh feasibility study with special emphasis on marketing strategy and minimum capacity requirements.

4. The Committee (1980-81) examined para 5 at their sittings held on 25 October, 1980 and 5 December, 1980. Written information was furnished to the Committee on Para 11. The Committee considered and finalised the Report at their sittings held on 18 March, 1981 and 15 April, 1981. Minutes of the sittings of the Committee from Part\* II of the Report.

5. For reference facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report, and have also been reproduced in a consolidated form in Appendix to the Report.

6. The Committee would also like to express their thanks to the Officers of the Ministries of Industry and Works and Housing for the cooperation extended by them in giving information to the Committee.

7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the office of the Comptroller and Auditor General of India.

NEW DELHI;  
April 25, 1981  
Vaisakha 5, 1903 (S)

CHANDRAJIT YADAV,  
Chairman,  
Public Accounts Committee.

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\*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library.

## CHAPTER I

### UNAUTHORISED OCCUPATION OF SALT LAND BHARPUR SALT WORKS

#### *Audit Paragraph*

1.1. Mention was made in paragraph 31 of the Report of the Comptroller and Auditor General of India for 1977-78; Union Government (Civil), about a case of unauthorised occupation of salt land, details of similar case noticed in audit are mentioned below:

1.2. In the erstwhile Bombay State, Ghatkopar' village was leased to party 'A' for a period of 99 years from 1844-45 by an indenture of lease executed in 1845. According to the terms of the lease, the lease could utilise the salt marshy land in the village for construction of salt work subject to payment of ground rent and other taxes according to the law in force from time to time. A salt work known as 'Bharpur Salt Work' was set up by the lessee in 1845 an area covering 138 acres and 27 gunthas on the leased premises. With the approval of Government and by an indenture dated 12th March, 1918, the salt work was assigned to party 'B' for the remaining period of the lease. In 1917-18, the lease for the land under the salt work was also separated from the lease in respect of the rest of the village and the licence to manufacture salt was issued in favour of party 'B'. The lease expired in 1943, but party 'B' continued to manufacture salt on the land under the authority of licence granted by the Salt Department on payment of the necessary ground rent. In 1946, party 'B' died intestate and for some time the property was administered by the heirs and later by the Custodian of Evacuee Property till July 1953 when the salt work on 130.5 acres of land was purchased by firm 'C' along with some other property for Rs. 3.26 lakhs.

1.3. In reply to a reference received (February 1963) from firm 'C' for eviction of certain encroachments on the land, the Salt Department, without linking up its records, informed firm 'C' in March 1963 that as the salt work was a private property, the 'Shilotries' of the salt work was a private to take steps to evict the encroachment. In February 1965, the attorneys of firm 'C' which had, in the meantime, gone (1964-65) into liquidation, informed the Deputy Salt Commissioner, Bombay, that the property had been distributed among the five partners, leaving a small portion with the defunct firm and that the land was no more used for manufacturing salt. On receipt of this

letter, the department investigated the whole matter including ownership of the land and observed that:

- the land actually belonged to Government;
- the lease had expired in 1943;
- no salt was being manufactured on the salt work;
- buildings were being constructed on certain portions of the land.
- that a portion of the land measuring 8 acres and 6 gunthas had been acquired by the Government of Maharashtra in 1958 under the Land Acquisition Act, 1894 for the Eastern Express Highway on payment of compensation of Rs. 0.54 lakh to firm 'C' and that in September 1966, by an order of the Bombay High Court an additional compensation of Rs. 0.30 lakh was awarded to firm 'C'.

1.4. No action was taken by the department to get the construction work stopped in consultation with the Municipal Corporation of Bombay or to recover the amount of Rs. 0.84 lakh paid as compensation by the Government of Maharashtra to firm 'C'. However, in December 1966, the Deputy Salt Commissioner asked the firm's solicitors to instruct their clients to hand over vacant possession of their shares of the salt work to Government. On their failure to do so, proceedings for the vacation of the land were initiated (March 1967) under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. In 1971, two partners of the firm challenged the validity of the proceedings in the Bombay High Court and obtained an injunction, restraining the department from taking any further proceedings in the matter. The petition was withdrawn by these partners from the Court in August 1979. No further action to resume the land had been taken by the department so far (November 1979).

1.5. Meanwhile, a residential colony known as 'Garodia Nagar' came up on the land conveyed to the remaining three partners. The total area under unauthorised occupation was 130 acres and 21 gunthas (6.32 lakh sq. yards) and according to the department (October 1979) the value of the land now might be about Rs. 5 crores.

1.6. It was also noticed in audit that the registers maintained by the department from 1932 regarding salt works did not contain any column to show the ownership of the land under salt works, nor did they indicate the dates on which the leases of lands (on which salt works were situated) were to expire. There was also no indication to show that any periodical checks were exercised by the department with a view to resuming the lands or getting the leases renewed on

their expiry. The department stated (December 1979) that it was investigating the tenure of lands under salt works, after completion of which it was proposed to maintain the register indicating the tenure.

1.7. The case disclosed that:

- although the lease of Government land covered by the salt work expired in 1943, no action for resumption of the land or renewal of the lease was taken by the Salt Department;
- although Government came to know in December 1966 that some buildings were being constructed on the land, no action was taken to get the construction activity stopped in consultation with the Municipal Corporation of Bombay;
- no action was taken to claim Rs. 0.84 lakh from firm 'C' on account of compensation received by it for the land acquired (1958) by the Government of Maharashtra;
- Government land valuing about Rs. 5.00 crores was under unauthorised occupation; and
- the registers maintained by the department regarding salt works did not show the ownership of the lands under salt works, nor did they indicate the dates on which the leases of such lands were to expire and thus, no periodical checks were exercised by the department with a view to resuming the lands or getting the leases renewed on their expiry.

[Para 5 of the Advance Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Civil).]

### Introductory

1.8. In the erstwhile Bombay State, 'Ghatkopar' village was leased to Ruttonjee Eduljee Bottlewalla, Bombay (Party 'A') for a period of 99 years from 1844-45 by an indenture of lease executed in 1845. According to the terms of the lease, the lessee could utilise the salt marshy land in the village for construction of salt work subject to payment of ground rent and other taxes according to the law in force from time to time. A salt work known as 'Bharpur Salt Works' was set up by the lessee in 1845 on an area covering 138 acres and 27 gunthas on the leased premises. The area of the entire village as



contained in the Jamabandi of 1842 and reproduced in the lease deed is as under:

	Total			Under Cultivation			Waste		
	M.	F.	p.	M.	F.	p.	M.	F.	p.
Sweet Dhemp land	149	1	9½	134	7	11½	14	18	18
	B	P	K	B	P	K	B	P	K
Salt Beogownee Land	64	2	4	16	13	15	48	6	7

(M—Moors)  
(F—Faras)  
(P—Pylecs)  
(B—beeghas)  
(P—pandas)  
(K—Katees)

The lease also mentions that there were in the said village about 150 bighas of swampy land which might be made available for salt manufacture and that party 'A' should convert the said land into salt pan in 5 years."

1.9. It is seen from the Audit Paragraph that with the approval of Government and by an indenture dated 12 March, 1918 the salt work was assigned to party 'B' (Shri Haji Aboo Salen Mohamad) for the remaining period of the lease. In 1917-18, the lease of the land under the salt work was also separated from the lease in respect of the rest of the village and the licence to manufacture salt was issued in favour of party 'B'. The Committee desired to know the reasons for separating the lease of the land under the salt works from the lease in respect of the rest of the village. The Department of Industrial Development have in a note stated:

"The khot of the village (*i.e.* lessee of the village) has mortgaged his interest in the property leased under the kowl dated 31-12-1845, and the mortgagees had filed a suit in the High Court in 1911. By a decree passed by the Court on 25-11-1912, the Court Commissioner was directed to sell the property by public auction. The property was sold on 2-2-1917 by public auction in 15 lots. Lot A, *i.e.* that salt work was purchased by a firm of solicitors on behalf of their clients. The Collector of Thana District refused to grant sanction to the sale of the property in piecemeal as according to him this was not possible under conditions\*

\*Reproduced in Appendix I.

18 and 32 of the indenture of Lease dated 31-12-1845. The Salt Department however felt that clause 18 stipulating that the 'Farm' of the village in question was to be held by one individual as undivided property was not applicable to salt pan lands which was covered by specific condition No. 32 of Indenture of Lease. The purchasers also disputed the applicability of condition No. 18 to the sale referred to. The case was therefore referred by the Collector of Thana for obtaining legal advice. The Legal Remembrancer opined that clause 18 applies to voluntary transfer of the lessees rights and that it would be better not to press the objection. Accordingly the separation of the salt work from the rest of the lease was recognised and licence granted to the purchaser."

1.10. In another note, the Department have stated that the whole village was mortgaged by the Khot (Lessee) of the village. This included salt land. The date on which the mortgage was affected was not known but it was prior to 1911. The Department have also informed the Committee that 'the Government was not a party to the suit in the High Court in 1911.'

1.11. The Audit para reveals that the Bharpur Salt Work was set up in 1845 on Government leased land covering an area of 138 acres and 27 gunthas and although the lease expired in 1943, Party 'B' continued to manufacture salt on this land under the authority of licence granted to it by the Salt Department on payment of necessary ground rent. On being enquired as to why the period of the licence to manufacture salt was not restricted to 1943 only when the lease was to expire and why Party 'B' was allowed to continue the manufacture of salt on the leased land beyond the lease period, the Department of Industrial Development have replied:

"The form of licence for manufacture of salt provided for payment of ground rent and the condition that the licence shall not use the premises for purposes unconnected with manufacture of salt. The Legal Remembrancer by his Memorandum dated 16th May, 1885, appearing as preamble to Government Resolution No. 4917 dated 16th June, 1885 opined that there was no legal necessity for requiring licencees under Bombay Salt Act to execute counterpart agreements. He observed that the conditions of licence then in question were as enforceable without any such agreement as they would be with one. Later on when the question of renewal of certain leases of land under salt manufacture arose, it was held under

Government Resolution No. 6588 dated 7th July, 1909\* that it was not necessary to issue a separate lease as the Salt Department has issued to the holders a licence providing among others that the licensee shall pay ground rent. In the present case though the lease expired in 1943, the lessee continued manufacture of salt under the licence which was still valid. Section 17 of the Bombay Salt Act 1890 provided that the proprietors of the salt works which were in existence at the commencement of the said Act and which were being lawfully worked shall unless the salt work was suppressed under Section 24 of the said Act or under other laws be entitled, on application to a licence to manufacture salt. In view of the above, the question of restricting the period of licence to 1943 would not have been thought of."

1.12. The Ministry of Industry informed the Audit in April 1980 that 'by a Resolution (Appendix II) taken on 7th July, 1909, a decision was taken which effectively meant that a salt licence was equivalent to a salt lease and so long as a licence exists no lease was necessary'. Asked about the basis of the view expressed by the Ministry that salt licence could be deemed as equivalent to land lease, the Ministry, in a note, have stated:

"As the licence provided for the conditions under which the land should be utilised for manufacture of salt, there was no need for a separate lease deed as indicated in the above Resolution."

1.13. In 1946, Party 'B' died intestate and for some time the property was administered by his heirs and later by the Custodian of Evacuee Property till July 1953 when the salt work on 130.5 acres of land was purchased in auction by firm 'C' (M/s. Textile Processors(P) Ltd.) alongwith some other property for Rs. 3.26 lakhs. As it was a leased land owned by Government, the Committee asked how firm 'C' could purchase the salt work and from whom was it purchased. In a note, the Department of Industrial Development have stated:

"The then lessee expired in the year 1946. His widow also expired in the year 1947. The question of succession to the property was the subject matter of a suit and the

property was sold in public auction to party 'C' on a consent decree dated 26th September, 1952 passed by the High Court. The area referred to in the sale documents is "130 acres and 19 gunthas or thereabout," bearing S. No. 249 being a portion of premises comprised in the Indenture of lease dated 31st December, 1845. The licence was transferable under Rule 104 of the Central Excise Rules 1944. The sale of the salt work covered by the original lease of 1845 was recognised by the Salt Department."

In this context, the Secretary, Ministry of Industry stated during evidence:

"There was a Consent Decree. On that there was a certificate of sale in 1953, in terms of which it was based. Therefore, the licence in respect of this salt work has actually been earlier with the Textile Processors. It was confirmed when, in pursuance of the Consent Decree, the High Court gave them a certificate of sale."

About the Consent Decree, the witness clarified:

"It was in respect of the successors to the salt works. They all came to an agreement in respect of sharing of property between them. On that Consent Decree, the Textile Processors took over the sale part of it. If you see the certificate of Sale, it refers to the sale, describes the property of sales with the salt works thereon. That is what the Textile Processors acquired. They did not cultivate salt themselves for two years. They gave it on lease and then they started cultivating themselves."

1.14. To a question as to what the Consent Decree stated about the ownership and the lease, the witness replied:

"The Consent Decree *per se* does not go into the question of ownership and lease. The Consent Decree does say that there is a lessee and there is a Concept of the lessee vis-a-vis the land. The subject matter of consent was the licence in respect of land. But the way the High Court order was drafted in respect of sale it could possibly create the impression that what was being transferred was not only the salt works or leasehold rights, but ownership of land. I have personally gone through the document. I feel it is a wrong impression. I am convinced, it is a wrong impression, but if you read that document, except in the

context of the 1845 or 1918 lease, you are likely to have a feeling that this was a transfer of property, as distinct from the transfer of salt works.”

Enquired whether any opinion of the Ministry of Law was obtained at that time, the witness deposed:

“The Department of Salt was not impleaded at all. It did not know about it. The question of ownership of this particular land came to be discussed in that Salt Department for the first time in 1965 when in the process of that examination, they also referred to this particular Decree. I am not saying that in 1953 it created an impression in the Salt Department that the land did not belong to them, because that is not a fact.”

1.15. On being asked whether in 1965 when the Department came across the Consent Decree, the matter was referred to the Ministry of Law and their advice obtained, the witness stated:

“When after internal examination with regard to all the documents and the land transaction and the Consent Decree the Department came to the valid point of view that the land did in fact belong to the Government and several errors have been committed in the past in treating the land as private property, at that stage a reference was made to the Ministry of Law in November, 1966, whereupon the Ministry of Law said “this land belongs to you, you proceed to take eviction proceedings.”

1.16. As against the area of 138 acres and 27 gunthas, on which salt work was originally set up, the salt work on an area of 130.5 acres only was purchased by firm ‘C’. The Committee wanted to know whether the area in excess of 130.5 acres was surrendered to Government. The Ministry have stated:

“There is no record to show the area in excess of about 130.5 acres was surrendered to Government. The Textile Processors held a licence for an area of 138 acres 27 gunthas. (Based on Map 1922—34 and licence register.)”

1.17. The Audit has pointed out that in reply to a reference received (February 1963) from firm ‘C’ for eviction of certain encroachments on the land, the Salt Department, without linking up its records, informed firm ‘C’ in March 1963 that as the salt work was a private property, the “Shilotries” of the salt works might be asked to take steps to evict the encroachment. When enquired as

to why the Salt Department did not link up its record before informing firm 'C' in March 1963 that the salt work was a private property, the Department of Industrial Development have stated:

\*"The Audit was informed that the file in which the letter in question was issued was not traceable. In 1966, the Deputy Salt Commissioner, Bombay, asked the Assistant Salt Commissioner, Thana, for a copy of the letter written by him in 1963 to the Assistant Salt Commissioner, Thana. A reasonable presumption has been drawn from this that the file was missing in 1966. No action seems to have been taken to fix responsibility in this regard. In this situation it is not possible to indicate the circumstances under which the firm 'C' was informed that Bharpur Salt work was a private property. In this connection it may be mentioned that the letter of 1963 related to land bearing S. No. 236 and 250. Salt work purchased by party 'C' comprised of 130 acres and 19 gunthas bearing S. No. 249 with the salt work thereon. The total area of the salt work is 138 acres 27 gunthas. An area of 8 acres and 8 gunthas appears to fall in S. No. 236 (Part) and 250 (Part). Though the land under the salt work is owned by the Government, the salt work itself is constructed by the lessee and was hence a private property standing on Government land."

1.18. In this connection, the Salt Commissioner stated during evidence:

"In this particular case, about one file, the Audit has reported to us through the para that one file was missing. That had also been traced out. It was lying in a confidential almirah of the Deputy Commissioner. Ultimately they searched and it was found in sealed cover and they opened it."

He added:

"That was a mistake; we did not have record at that time. That was what I am submitting. Because there were no records, we had started investigation and we had to go to the revenue authorities to find out documents from them so that our records are complete in all respects."

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\*Above portion not vetted in Audit.

### *Maintenance of Land Registers*

1.19. The Audit has also noticed that the registers maintained by the Department from 1932 regarding salt works did not contain any column to show the ownership of the land under salt works, nor did they indicate the dates on which the leases of lands (on which salt works were situated) were to expire. There was also no indication to show that any periodical checks were exercised by the Department with a view to resuming the lands or getting the leases renewed on their expiry. The Department stated (December 1979) that it was investigating the tenure of lands under salt works, after completion of which it was proposed to maintain the register indicating the tenure. When enquired whether proper registers had since been maintained to show the ownership of lands etc., the Department of Industrial Development have stated:

“A register is under preparation in which lands owned by the Central Government and used for manufacture of salt, in which details of lease agreements are being shown.”

Asked if the investigation on the tenure of land under salt works had been completed, the Department have stated:

“286 cases have been identified for investigating the rights of the salt manufacturers. Investigation has been completed in respect of 101 cases, and those are entered into the register. In all these cases the lands have been found to belong to Central Government.”

1.20. In a note subsequently furnished in this regard, the Department of Industrial Development have stated that the total area of the land involved in these 286 cases is 22300 acres. When the Committee desired to know whether the land in all these cases was being utilised for manufacture of salt or otherwise, the Department have stated:

“In 265 cases salt works measuring about 20,500 acres exist. In respect of the remaining 21 cases, 2 are lying fallow, 21 are with the State Government, 3 are with the Fertilizer Corporation of India and one is with Bharat

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\*Frysilid in respect of 3 other cases are contained in answer to another question regarding unauthorised occupation of land.

Petroleum.\* In one case the ownership of the land is the subject matter of a revenue enquiry. The land in this case is under private buildings."

1.21. When asked in how many cases the leases had expired and what action had been taken to resume the lands or to get the leases renewed, the Department have stated:

"In 4 cases, leases have expired. In addition to the existing Bharpur case, there are only three other cases where the leases have expired. The details regarding their present status is given in the following table:



Name of the Salt Works	Area	Period of lease	Date of Expiry of lease	Remarks
	1	2	3	4
				5
Manik Mahal (Bassein Salt Fty.)	448-21-0	17 years from 1-8-1875	31-7-1892	Salt manufacture continues under the licence granted by Salt Department.
Dadrudai (Wadala Salt Fty.)	84-28-0	21 years from 1-5-1887	30-4-1908	Salt manufacture continued under the licence granted by Salt Department. This salt works was closed along with some other salt works in 1962 as the lands were required by State Government for planned development of Bombay City. The Salt manufacturers filed suit in court and obtained stay. The case is pending in the court. Salt manufacture continues in the salt work under courts injunction.
Laxman Govind (Wadala Salt Fty.)	34-2-8	Do.	Do.	Salt manufacture is not going on now. After the lease expired in 1908, salt manufacture continued under the licence granted by the Salt Department. This Salt work was closed along with other salt works under a notification issued in 1962 as the land was required by the Government of Maharashtra for planned development of Bombay City.
Bharpur (Trombay Salt Fty.)	138-27-0	99 years from 1-8-1844	31-7-1943	Salt manufacture is not going on now. After the lease expired in 1943, salt manufacture continued under the licence granted by the Salt Department. Salt was last manufactured in the salt work in June 1964. The Salt manufacturers and their successors in title are claiming the ownership of the land. Eviction proceeding was initiated in 1967. Part of the area (about 609 acres) is under unauthorised buildings and roads.

1.22. When further asked whether any of these lands were under unauthorised occupation, the Department have furnished the following details in this regard:

“(1) Pestomsagar Salt Work

This salt work is under unauthorised occupation. The question of title over the land is however under dispute and is the subject matter of a suit in the Bombay High Court. The parties to the suit including the Union of India represented by the Salt Department, and the Maharashtra Government.

(2) Bharpur Salt Work

This is the instant case details of which are already before the PAC.

(3) Jehangir Mahal Salt Work

This salt work was closed in the year 1982. The question of ownership is at present being enquired into by the Collector, Bombay, in an Appeal against the earlier Order of the Sub-divisional Officer declaring the land as Central Government property. The whole area is at present under unauthorised occupation.

- 
- (4) Dhanajaya
  - (5) Khokri
  - (6) Madhala Antop
  - (7) Sakhari
  - (8) Bharpur (Sadala)
  - (9) Laxman Govind
  - (10) Korbao

} These Salt Works were closed along with other Salt Works through a Notification issued by the Government of India in 1962, as the land was required by the Government of Maharashtra for the planned development of the city. These areas are now with the State Government. In view of our recent findings in respect of ownership over these lands, this will be taken up with the State Government.

1.23. When suggested that there should be a cell of high ranking officers who could work out a proper register wherein ownership of the land was properly entered, the Secretary of the Ministry of Industry stated:

“We are setting up a monitoring cell in the Ministry itself and also a cell in the Salt Commissioner’s office. Apart from strengthening the office in Assistant Salt Commissioner’s Office, we are upgrading that office to that of Dy. Commissioner from an early date because as you said, the stakes are enormous and 2230 acres are involved in Bombay, Goa, Karnataka etc. We have taken a survey; only in respect of 21 there is a suspicion out of

286 saltworks. Investigation with regard to the title had been taken on hand. 101 cases out of 286 had been completed. It is not a satisfactory progress, I agree. I am extremely thankful to the audit and I would like it to be recorded that because audit pointed this out it has been brought to our notice and we have taken corrective steps and built up corrective organisation so that requisite vigilance is maintained in respect of government lands.”

1.24. When pointed out that it took the Department 14 years since 1966 to complete 101 cases, the witness stated:

“It was started only in 1975. As rightly pointed out by the Chairman, this is the lacuna in our records where the exact ownership of the land is not mentioned. Not only in this case there have been other cases where the salt department has not been aware of the ownership vested in them. Now we are getting that investigated, the titles in each case and as was reported out of 286, in respect of 101 cases investigations had been completed; we are going to complete the other cases so that we are extremely careful that this sort of thing would not happen in future. It will take another year.”

Enquired whether it would be correct to say that the exact entry should be of the one who is occupying rather of the one who owns the land, the Additional Secretary of the Department of Industrial Development stated:

“It should be there, Sir. The ownership as well the occupation.”

1.25. The Committee also wanted to know whether in the applications received for granting salt licences, nobody had ever stated that the land belonged to the Government. The Secretary of the Ministry stated:

“May I answer your question, with particular reference to the very interesting history of this particular case. The highlights of this particular case, which I explained to you, I am not trying to justify it but I am only trying to state the background in terms of the misunderstanding or/and misapprehension that has come in. I am not trying to justify them. What happened is that the entire village was first given on lease in 1845 for 99 years. Thereafter, before 1872, this man, he started the salt

work. Then in 1872, he became intestate. There was a sale in 1880. After that there was a licence and as per the Bombay Salt Act of 1873 a licence was issued. And it went on being transferred not under Section 16 of the Bombay Salt Act but under Section 17 which covers the existing salt work. The man's licence becomes permanent unless you take action to revoke it. The same licence continued to be re-issued and thus this lease expired in 1943. Now what happens is that in between there is a G.R. of 1885, there is also a decision of 1909 when the licence was transferred, after a court auction and there was of course an assignment of the lease for the unexpired period. When the lease expired in 1943 the licence continued. Nobody noticed that the lease was not there. The licence continued because there was a decision in 1909 that there was no need for a separate lease. That is the point where this confusion with regard to ownership started. After that, it passed several hands, it was administered by the Custodian of Evacuee Property, who sublet it to three owners between 1947 to 1950. After that it became evacuee property since the administrator went away to Pakistan. There was a High Court order of 1953 in which there was a certificate of sale. If one is to read that, not in the context of the 1845 lease but as it is, it may give an impression that it was a transfer of property, not merely transfer of salt works. It will however be incorrect for me to say that the salt department really acted on that, because upto 1965 I find no evidence that the salt department were aware that this land belonged to them."

1.26. The Committee pointed out that under clause 313 of the Salt Manual licence to manufacture salt cannot be transferred to another person unless the land on which the salt work has been constructed is formally transferred to the party concerned (Collr. S. R's No. 5,300 of 7-6-1910). In this connection the Secretary, Department of Industrial Development, stated:

"This was a pre-existing licence. What you are reading came into force after the amendment of 1958, with effect from 1960. In 1960 the lease procedure was again introduced. But before that, there was no procedure of separate lease and licence. When licence was issued, it was felt that there was no need for a separate lease. As it was a pre-existing lease, the question of checking up of transfer of property *per se* did not arise."

1.27. As the Ministry had stated in April 1980 that a decision was taken by a Resolution taken on 7 July 1909 which effectively meant that a salt licence was equivalent to a salt lease and so long a licence exists no lease was necessary, the Committee enquired whether this clause of the Manual superseded the above resolution. The witness stated:

"I do agree, but the Manual does not supersede pre-existing rights which are codified in the Act itself. In every Act when it comes into force, there are certain pre-existing rights for which a special procedure is prescribed. In the Bombay Salt Act of 1890, Section 17 governs the administration of licences or leases in respect of pre-existing salt works."

The representative of the Ministry of Law opined in this regard as under:

"Section 17 of the Bombay Salt Act provides that in the case of a private salt work already being operated, licence could not be refused if asked for."

#### *Acquisition of Land by Maharashtra Government*

1.28. According to Audit paragraph in February 1985, the attorneys of firm 'C' which had, in the mean time, gone (1964-65) into liquidation, informed the Deputy Salt Commissioner, Bombay, that the property had been distributed among the five partners, leaving a small portion with the defunct firm and that the land was no more used for manufacturing salt. On receipt of this letter, the department investigated the whole matter including ownership of the land and observed that:

- the land actually belonged to Government;
- the lease had expired in 1943;
- no salt was being manufactured on the salt work;
- buildings were being constructed on certain portions of the land;
- that portion of the land measuring 8 acres and 6 gunthas had been acquired by the Government of Maharashtra in 1958 under the Land Acquisition Act, 1894 for the Eastern Express Highway on payment of compensation of

Rs. 0.54 lakh to firm 'C' and that in September 1966, by an order of the Bombay High Court an additional compensation of Rs. 0.30 lakh was awarded to firm 'C'. The Committee desired to know the basis on which a portion of land measuring 8 acres and 6 gunthas was acquired by the Government of Maharashtra in 1958 on payment of compensation to firm 'C' when it actually belonged to the Government of India. The Department of Industrial Development, in a note have stated:

"The officers of the Salt Department did not know at the time of acquisition of the land for Eastern Express Highway that the land under the salt work was owned by the Government of India."

Asked as to when the Salt Development first came to know of the acquisition of the land by the State Government, the Department of Industrial Development stated:

"The Salt Department came to know about the acquisition in 1960."

However, during evidence the Secretary of the Ministry informed the Committee as under:

"We came to know that in 1966-67. Before that when the acquisition was done, we told the Maharashtra Government to pay compensation. Afterwards, when the compensation was increased by Rs. 30,000 we authorised the Salt Department to get the compensation."

1.29. When the Committee pointed out that earlier in a written reply the Ministry had stated that they had come to know about the acquisition in 1960, the witness clarified:

"The Salt Department came to know about the acquisition in 1969. But it did not make a claim that if you acquire this land, it is a salt land, it belongs to us, therefore, compensation should be payable to us. If you see the compensation schedule, there is one compensation for land and another for salt pens. Actually, we should have been paid for it, but we were not."

1.30. Asked why compensation was not claimed, the Secretary, Ministry of Industrial Development stated:

"In 1966 we came to know that this mistake had been committed. At that time we were not very much involved in

eviction and so this aspect of the matter was overlooked. Actually we should have claimed compensation at that stage, but compensation having already been paid, it was then for the Maharashtra Government to resume it from those to whom it had been paid."

1.31. Further in a note the Ministry have stated:

"No action has been taken for recovery of amount obtained by party 'C' for the land. However, it may be mentioned that the amount of Rs. 0.84 lakhs included not only value of the land but other items also. \*The detailed break-up is given below:

	Rs.
(i) Market value of the land admeasuring 8 acres 6 gunthas as (i.e. 36446 sq. yds. of S No. 249 of Ghatkopar at Re. 1/-per sq. yd.)	39,446.00
(ii) 15 solatium charges. percent . . . . .	5916.96
(iii) Removal charge for Chowkey . . . . .	100.00
(iv) Compensation for readjustment and realignment of 120 salt pans.	500.60
	<u>45,962.96</u>
(v) Interest at 4 percent per annum on Rs. 45,962.96 from the date of taking possession of the land to the date of payment of compensation that is from 24-12-58 to 10-8-63.	83,13.35
	<u>54,476.31</u>
(vi) Deduct the amount of advance of compensation of Rs. 22,712.50 and Rs 8,216.25 total Rs. 30,928.75 paid on 27-1-60 and 3-2-60; and interest at 4 per cent on Rs. 22,712.50 from 27-1-60 to 10-8-63 and Rs. 8,216.25 from 3-2-60 to 10-8-63 (Rs. 30,928.75 + 4,375.18	35,303.93
Net amount payable . . . . .	<u>19,172.38</u>

On a reference to High Court, by a consent decree, additional compensation of Rs. 30,218/- with interest thereon was agreed to be paid to the claimants."

\*Not vetted by Audit.

Enquired whether it was a fact that from 1966 onwards the Department had not taken any action to recover the compensation from the firm 'C', the witness stated:

"We cannot recover it from the private parties. We have to get the compensation from the acquiring authority, that is the State Government."

In this connection, the representative of the Ministry of Law clarified the position as under:

"We can make a claim against the private parties, but the State Government will also have to be made a party."

### **Unauthorised construction of Buildings on Government Land**

1.32. The Audit Para reveals that although Government came to know in December 1966 that some buildings were being constructed on the land, no action was taken to get the construction activity stopped in consultation with the Municipal Corporation of Bombay. However, in December 1966 itself the Deputy Salt Commissioner asked the firm's solicitors to instruct their clients to hand over vacant possession of the shares of the salt work to Government. On their failure to do so, proceedings for the vacation of the land were initiated (March 1967) under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. In 1971, two partners of the firm challenged the validity of the proceedings in the Bombay High Court and obtained an injunction, restraining the department from taking any further proceeding in the matter. The petition was withdrawn by these partners from the Court in August 1979. No further action to resume the land had been taken by the department (November 1979). Meanwhile, a residential colony known as 'Garodia Nagar' came up on the land conveyed to the remaining three partners. The total area under unauthorised occupation was 130 acres and 21 gunthas (6.32 lakh sq. yards) and according to the department (October 1979) the value of the land might be about Rs. 5 crores.

Asked about the condition under which the petition was withdrawn by the partners from the Court in August 1979, the Department of Industrial Development have stated:

"The petitioners before the High Court had challenged the eviction proceedings initiated by the Salt Commissioner's Office. The High Court was not prepared to go into the question of title which was disputed by the Petitioners.



Under the circumstances the party withdrew their application."

1.33. The Committee further wanted to know whether any action was taken by the Department to get the construction work stopped in consultation with the Municipal Corporation of Bombay when it knew in 1965/66 that no salt was being manufactured on the salt work and that buildings were being constructed on a portion of this land. In a note, the Department have stated:

"No salt is manufactured in the salt work from 1965. After the investigation of the tenure of the land it was learnt by the end of 1966 that the premises were covered under the Indenture of Lease dated 31-12-1845. As the rights of the Government were not clear no action could be taken to prevent unauthorised construction earlier.

After the tenure of the land was known, eviction proceedings were initiated in March 1967. In a similar case the Department had sought the help of Municipal Corporation to prevent unauthorised construction on a Government land under dispute, and the Municipal Commissioner informed that the Municipal Corporation did not like to be a party in a dispute between the Salt Department and private parties and the Salt Department should seek its own legal remedies."

In this regard the Salt Commissioner stated during evidence:

"In this particular case we did not write. In a similar other case we had written to the Municipal authorities and assistance was not given to us."

1.34. The Audit have informed the Committee that the above parallel case referred to by the Ministry relates to the Pestonsagar Salt Works commented upon in Paragraph 31 of the Audit Report for 1977-78. As is clear from that paragraph, reference to the Bombay Municipal Corporation requesting them not to grant permission to anyone to construct structures on the land was made in October 1973. However, in the present case, Government had noticed some buildings were being constructed on the land covered by the Bharpur Salt Works. The Salt Commissioner had also conceded during evidence that they did not approach the Municipal Corporation Bombay for their help to prevent unauthorised construction between 1966 and 1973.

1.36. The Audit have also pointed out that in the earlier case [para 31 of Audit Report (Civil) for 1977-78] the Ministry of Law (Bombay—Branch) had advised (February 1977) that a suitable notice might be issued to the press stating that the land belonged to the Government, and public should not deal with the land. The Committee desired to know whether in this case the Department had informed the public at any time through a notification or an advertisement that the unauthorised occupants were liable to such action as the Department might take. The Secretary, Ministry of Industry stated:

“No public notice was issued. As a matter of fact, to be very frank with you, I do not find any evidence from the records that I have had occasion to go through so far to show that such a contemplation was ever entertained.”

1.37. In this connection, the representative of the Ministry of Law informed the Committee as under:

“No such reference was ever made to us as to what further steps could be taken. Only a limited question was referred to us, and we answered it.”

1.37. When the Committee desired to know about the other steps taken by the Salt Department in this regard, the Salt Commissioner stated:

“In this case particularly my people have reported when they came to know particularly that the Bharpur Salt Works people were selling the plots and were undervaluing them.

I had read in some papers. They wrote to the Income-tax Assistant Commissioner saying that his land belonged to us. If these people were selling plots to different people, that should not be allowed because we were the owner of the land. Similarly, they have also made a request to the revenue authority. Recently there was a case of the railways. They wanted to acquire some lands. Because we were vigilant about it, they wrote to us about that. We also confirmed that the land belonged to us. Later on we took steps. We have put up the boards at different places stating that the land belongs to us and nobody should trespass in that area.”

In reply to a query the Salt Commissioner stated:

"About four months back we had started putting up boards and not earlier."

To a further question whether the Department had put up the boards in Bharpur Salt Works also, he added:

"Not in Bharpur. But in other salt works, we have put up the boards. We have put up at different salt works where we came to know of that."

1.38. Asked when the unauthorised building constructions on the salt land were actually started and whether the constructions were duly approved by the competent authority, the Department of Industrial Development in a note have stated:

"Some unauthorised temporary huts were set up during the last week of October 1964. By November 1966, four-storeyed buildings have been constructed and 2-3 buildings were under construction. Local enquiries revealed that the buildings have been constructed after their Plans have been approved by the Municipal Corporation."

1.39. Asked about the area of Bharpur Salt Works under unauthorised construction, the Department of Industrial Development have informed the Committee:

"The Bharpur Salt Works extended over an area of 138 acres and 27 Gunthas. An area of 8 acres and 6 Gunthas was acquired, out of this area, for the Eastern Highway some time around 1960 and the remaining area of 130 acres 21 gunthas is under unauthorised occupation after the cessation of salt manufacture in June 1964. An area of about 35 acres is occupied by plots under actual buildings and about 15 acres by roads. There are some hutments covering an area of about 10 acres and about 70 acres of land under unauthorised occupation is lying vacant."

Supplementing the information, the Secretary of the Ministry stated:

"70 acres are vacant at present but unauthorisedly occupied by them."

1.40. Asked whether the Department was doing anything to get those unauthorised people evicted, the Secretary of the Ministry stated:

"We issued first notices of eviction under Public Premises (Eviction of Unauthorised Occupants) Act as early as in 1967. Thereafter, we were advised that that particular Act had been challenged and we were advised by the Ministry of Law to file civil suit. Sanction has been taken from the Ministry and the civil suit applications have been got ready after collecting the requisite details which were found necessary by the Ministry of Law. By the time we were ready, an Ordinance was issued in 1968 and we were told by the Ministry of Law that 'now that the Ordinance has been issued under the Public Premises (Eviction) Ordinance, the Jurisdiction of the civil courts has been barred. You should resume action under the Public Premises (Eviction of Unauthorised Occupants) Act'. In terms of that, eviction notices were issued again. Against those notices, two out of the five parties who had claimed that they had transferred the land in between themselves, went in a writ petition in 1971 and first, a temporary injunction was issued and then an absolute injunction was issued. The absolute injunction which was issued was vacated in July, 1979. Afterwards, four weeks' time was given by the court, after which we could again issue notices. We again issued notices. The parties have asked for a little time."

1.41. When asked about the action taken to resume the land, the Department of Industrial Development in a note\* have stated:

"Eviction proceedings stood revived with effect from August, 1979 when the Stay Order of the Bombay High Court was vacated. The last date on which a hearing took place was on 10 October, 1980 and an adjournment was granted until 3rd November, 1980."

1.42. The Secretary subsequently informed the Committee during evidence that the next date of hearing was 12 December, 1980. When asked about the law procedure for vacation of the unauthorised occupation of the land the representative of Ministry of Law stated:

"The first reference to the Ministry of Law was made in October, 1966. We at once advised that under the terms of the lease deed it was quite clear that on the expiry of

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\*Not vetted in Audit.

the lease, the Government was the owner of the land. Another reference came in March, 1967. We said that the unauthorised occupants could be ejected under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.

As it happened, the Public Premises Act was declared *ultra vires* in part by the Supreme Court in 1967. That is why we advised them that civil suit would have to be instituted. Meanwhile an ordinance having been issued, we advised them that they could proceed under the Public Premises Act itself. Thereafter, the new Act of 1971 came into force, and action was initiated under its provisions. The parties went to the Bombay High Court in writ petition, and the High Court issued an injunction. Action could not be taken as the proceedings were stayed by the High Court qua the two petitioners before the High Court. This was in 1971.'

1.43. Enquired whether an appeal was filed either in Supreme Court or before the Division Bench of the High Court, the representative of the Ministry of Law replied in negative and stated:

"Appeal could have been filed. This injunction was partly modified in 1974 and then in 1979. The writ petition had been dismissed. Thereafter the proceedings have been re-started. The writ petition has been dismissed as withdrawn. The land had been occupied by unauthorised occupants. Even constructions have been made. They can be evicted under the Public Premises Eviction Act. Notices have been issued and the proceedings are pending before the Estate Officer. Under the Public Premises Eviction Act summary proceedings have to be taken by the Estate Officer who has been appointed under the provisions of that Act. An officer of the Salt Office is the Estate Officer. He is taking summary evidence of the objectors. Final orders are to be passed."

1.44. As there were five partners and injunction was obtained only by two of them, the witness clarified the position in respect of the remaining three partners as under:

"The other three were also made a party as respondents when two of them went in writ petition. By dint of injunction the Department was restrained from proceeding further in the matter."

1.45. When asked as to why no action was taken against other unauthorised occupants of lands and buildings except these five, the Salt Commissioner stated:

“We could not proceed against other people. No action was initiated against them.”

1.46. The Secretary, Ministry of Industry clarified the position in this regard thus:

“Proceedings were initiated against these five parties. Records appear to have been concerned with 138.39 acres. At that time it was noticed that hutments had been raised and two multi-storeyed buildings had been started by one of the concerned parties. As far as the hutment settlement was concerned, it was done with the assistance of the Bombay Police because they were evicted from a particular part of some other land and we were told that this was a settlement of a temporary nature and they will be settled on another piece of land within a short time. At the time of issue of notice, in fact the cause of action was only in respect of five persons.”

1.47. As mentioned earlier, 70 acres of land was lying vacant. The Committee desired to know whether the 5 parties had any legal title over it. The representative of Ministry stated: “None whatsoever”. The Committee further wanted to know what prevented the Salt Department from seeking the help of Maharashtra Police and taking possession of the land. The representative of the Ministry of Law stated:

“The position is if the land is lying absolutely vacant, that means, it is not used by anybody and, in that case, we can take it that it is under Government’s possession. We can occupy it...”

He added:

“If the land is lying vacant, but it is not being used by anyone as such, the law does not permit us to take possession of the land by force. It belongs to the Government alright...”

He further added:

“If nobody else is in possession of it, the owner is certainly in constructive possession of it.”

1.48. Expressing his views in this matter, the Secretary, Ministry of Industry, assured the Committee in the following words:

“One point I would like to submit is this and that is whether the fact that a piece of land is vacant means that the party is not in constructive possession as distinct from actual physical possession. There are another case where we had asked for legal opinion on whether we could occupy it if it was physically vacant and we were advised that unless we completed the proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act, we could not physically occupy it—as long as there was a claim of constructive possession of land as distinct from physical possession.”

1.49. Asked whether constructive possession meant in law not only entitlement to enjoy the ownership but also physical possession, the Secretary of Ministry of Industry stated:

“...When the writ petition was allowed to be withdrawn, the High Court held that the petition under article 226 could not be decided because the decision with regard to ownership had to be arrived at in the context of certain facts and actions and they were not in a position to go into those facts. The order says that the petitioner appreciated this and withdrew, which means, at this moment there is nothing much to dispute our ownership of the land. The proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act have become necessary because, though our ownership has been established, our possession has to be established. We have been advised in another case that the physical absence of a person who claims to have constructive possession need not necessarily mean that you do not have to complete the proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act.”

1.50. Subsequently, on a reference by the Department of Industrial Development, the Ministry of Law have advised as\* under:

“On the facts stated in the referring Note and the correspondence on file, it would appear that the Notice under Section 4 of the P.P. Act referred to above covers the entire

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\*Not vetted in Audit.

area of about 138 acres originally granted on lease which expired in 1943. Consequently, though vacant by non-user, the land is in the symbolic possession of the successors of the original lessees. The Notice under Section 4 is intended to cover eviction of these unauthorised occupants. Consequently, the Development cannot take forcible possession of the land admeasuring about 70 acres at present, till the proceedings initiated under the P.P. Act are concluded, more so, when the title of Central Government to the above lands is itself under challenge. The Department is, therefore, advised to conclude the proceedings initiated under the P.P. Act expeditiously."

1.51. The present Salt Commissioner had taken charge in 1975. The Committee also desired to know the steps taken by him after he took charge as Salt Commissioner. The witness replied:

"As you are aware, land in Bombay is very costly and people have tried to encroach upon our land and then what we have done is that we have opened a special cell for this purpose and out of 286, they have been able to detect 101 cases in which ownership belongs to us. After knowing that these people are taking action for getting the record changed in the Revenue authorities we have actually told our people to be careful. We have addressed the revenue authorities also that the land under salt cultivation belongs to us and as and when ownership dispute comes, they should inquire from us and call us."

Enquired as who was in-charge of the Sepcial Cell the Salt Commissioner replied:

"The Civil Engineer is in-charge and the overall in-charge is the Asstt. Salt Commissioner."

Regarding the mode of reporting to him, he stated:

"They send progress reports periodically, as to how many cases they have detected and how many still they are investigating because some salt works are there for the last 200 years for which records are not available."

1.52. When the Committee wanted a firm reply whether the cases were reported periodically, the Assistant Salt Commissioner



stated that "whenever any cases are finalised by the land cell we report to the Salt Commissioner and not periodically."

1.53. Enquired as to how the Ministry kept track of the developments under its attached offices, the Secretary, Department of Industrial Development explained:

"We get some periodical reports. As a matter of fact, to be frank with you, this aspect has not been under very active care of the Ministry so far. We deal with all matters, like, salt production, salt movement, wagon deployment, supplies of salt to very remote areas, supply of salt to high altitude areas, salt pricing, salt cess collection, administration of the salt cess fund, Central Advisory Board for the administration of salt cess fund, etc. Not only that, we have got into the question of marine-chemicals production, like bromine and other materials which are derived from salt bitterns. There have been two or three enquiry committees which have been set up to go into the structuring of the administration of the Salt Department. But this particular aspect, the policing aspect of the salt department, particularly in the metropolitan and other areas of Bombay, at the level of the Ministry, has not received due attention."

1.54. The Committee wanted to know the market value of land under unauthorised occupation and the basis on which the market value had been worked out. The Department of Industrial Development have stated:

"In the instant case, sometime around 1974-75, the Officer of the Salt Department searched the records of sales in the Sub-Registrar's office to determine the approximate market value of the land and it was found that the approximate market value was then around Rs. 120/- per sq. yd. for building plots. The current market value will be much higher.

The market value of any land in Bombay City is ascertained by having the land valued by the Town Planning Department on payment of necessary fees. Our past experience reveals that it takes about a year for the market value to be ascertained from the Town Planning Department."

However, the Salt Commissioner stated during evidence:

“When the audit enquired about the price we did send our people to the other Registrar’s Office to find out what was the transaction and what was the rate being paid. So, we determined the average amount and gave it back.”

1.55. When it was pointed out that most of the transactions were done 30 per cent to 40 per cent less and as such how authentic could be the Sub-Registrar’s version, he replied in affirmative and stated: “Yes we cannot reply.”

1.56. Enquired about the present market value of the land in question, the Secretary, Ministry of Industry stated:

“It depends on how you sell it. There may be market value if it is sold as a building area. Therefore, market value *per se* will not have much relevance unless it is decided how it is sold.”

He added in this connection:

“As far as our Department is concerned, alternative plan of disposal of salt land will arise when salt ceases to be produced. Now, in those particular days, what happened in 1964 was that salt ceased to be produced. So, in terms of market price, the practice now is to see the transactions as has been recorded in the Sub-Registrar’s Office or Town Planning Department and take the view of the prices which are ranging in the neighbourhood and on that basis the price is fixed. Now, the only point I would submit is that we are not free agents to dispose of Government lands. There are specific rules for disposal of Government lands. Therefore, the value which would accrue is also to a large extent determined by the freedom or manner which would be available to us for alternative disposal of any land where salt ceases to be produced. Therefore, what I was saying is that the market price of that land will be relevant provided it is sold for the same purpose.”

1.57. When the Committee pointed out that according to the Audit the value of the land as furnished by the Department of In-

dustrial Development (October 1979) was about Rs. 5 crores, the Secretary of the Ministry replied as under:

"This information that has been supplied to the Hon'ble Committee was compiled on the basis of transactions of sale which have been recorded in different offices where prices have been computed. The presumption is that this land will also be saleable at the same price and for the same purpose. What I am saying is that for your judgment of valuation, you have to possibly keep this aspect in mind."

1.58. In reply to another question whether that was only a national value, he clarified:

"I am submitting that this is an average of recorded value at a particular time being in the relevant neighbourhood and is based on the assumption that it should be saleable for the same purpose is valid.

The point is the worth of land. The very concept of worth is largely determined by the purpose to which you put it. For example, if you are selling an area for commercial purposes or for residential purposes or you transfer that to a public sector or to the State Government for public purposes. The worth of the land itself will certainly vary."

1.59. Subsequently, the Department of Industrial Development have informed the Committee about the current market price of the land as under:

"The value of building plots situated in Bharpur Salt Works has been ascertained through local enquiries and it has estimated that this would be around Rs. 300 per sq. metre. A correct estimate however, can only be arrived at when the land is resumed by the Government after eviction proceedings are concluded and a decision is taken as to how the land is to be utilised."

1.60. When the Committee enquired whether any residential or commercial building had come up there, the witness stated:

"I do not think any commercial building has come up. Some multi-storeyed residential buildings are there with the required utility services. There is a concept of standard urban area and it comes under that."

1.61. The total area under salt works in the various States during 1979 was as follows:

Name of State	Area under salt works (in acres)
1. Gujarat . . . . .	1,79,083
2. Rajasthan . . . . .	87,321
3. Tamil Nadu . . . . .	34,685
4. Maharashtra . . . . .	27,529
5. Andhra Pradesh . . . . .	19,816
6. Orissa . . . . .	7,564
7. Karnataka . . . . .	2,436
8. West Bengal . . . . .	2,481
9. Goa, Daman & Diu . . . . .	1,968
10. Pondicherry . . . . .	643
11. Himachal Pradesh . . . . .	2
<b>Total:</b>	<b>3,63,583 acres</b>

1.62. The head office of the Salt Department is at Jaipur. It has regional offices at Calcutta, Madras, Bombay and Ahmedabad and a Circle Office at Jodhpur. The total staff strength of the Department was 1007 as on 1-11-1980.

1.63. At present no duty is charged on the production of salt. Salt cess at the rate of 14 paise per 40 kg. (Rs. 3.50 per tonne) is levied on all issues of salt under Salt Cess Act, 1953. Some exemptions are granted in the levy of cess in respect of specified categories of producers as provided in the Salt Cell Rules, 1964.

1.64. In addition, in Maharashtra and Gujarat, ground rent is levied at the rate of half paise per 40 kg. on salt issued (in respect of salt works on Government or private or State Government land used for salt manufacture and placed at the disposal of the Salt Department). However, where the salt land is put to auction or is assigned through tenders, no ground rent is charged. In respect of

other States, the following charges are levied for lands leased out by the Salt Department for manufacture of salt:

(a) Areas above 10 acres:

(1) Ground rent at the rate of Rs. 2/- per acre per annum; and

(2) Assignment fee at the rate of Rs. 1/- per tonne.

(b) Assignment fee for areas upto 10 acres charged at the rate of 3 paise per maund.

In new cases, the lands are leased out by inviting tenders and the tender rate is charged.

1.65. The Secretary, Ministry of Industry, stated during evidence that since 1960, salt works are given both on licence and lease for a period of 20 years. The licence and the lease are co-terminus.

*Present policy for giving licence/lease for manufacturing salt*

1.66. To a question whether there was any kind of checking done, the witness stated:

“We have a 15-day checking; there is physical check whether salt is being cultivated.”

To another question as to whether any condition to raise salt was made after grant of licence, the witness stated:

“Two years time is given for setting up salt pans and starting cultivation of salt. He must start production of salt within two years from the date of licence.”

1.67. Asked further whether 20 years for the licence was a reasonable period, the witness replied:

“Salt today is not merely edible salt. It is one of the most important chemicals for a large variety of chemical industries. It is a source material for industrial development. The entire alkaline industry, whether soda ash or caustic soda, is built on salt, apart from a variety of marine chemicals like magnesium, potassium and all that. It is a very important chemical. I personally feel that, unless you give them a reasonable time to develop this, it will be difficult.”

1.68 In the erstwhile Bombay State, "Ghathopar" village was leased to party 'A' (Ruttonjee Eduljee Bottlewalla) for a period of 99 years from 1844-45. According to the terms of the lease, the lessee could utilise the salt land in the village for construction of salt work subject to payment of ground rent and other taxes. A salt work known as "Bharpur Salt Work" was set up by the lessee in 1845 in an area covering about 138.7 acres of the leased premises. Unfortunately, the Department of Industrial Development or the Office of the Salt Commissioner could not make available to the Committee a copy of the Survey Map of the village which could throw some light about the exact area of the village originally leased out to firm 'A' vis-a-vis the area under salt works. The Committee consider this information vital, particularly in view of the fact that the property was sold in 15 lots on 2 February, 1917 by public auction (including lot 'A' of 138 acres and 27 guntas Bharpur Salt Work) and in order to know as to under whose possession the area of the village other than the salt work is, what is its total area, total cost, how it is being utilised and whether any action by Government has been taken to resume this land.

1.69 In 1917-18, the lease of the land under salt work was separated from the lease in respect of the rest of the village and the licence to manufacture salt was issued in favour of party 'B' (Haji Aboo Saleh Mohammad). Although the lease expired in 1943, party 'B' continued to manufacture salt on this land under the authority of the licence granted to it by the Salt Department on payment of the necessary ground rent. As to the reasons for non-renewal of lease in 1943, the Ministry of Industry have informed that "when the question of renewal of certain leases of land under salt manufacture arose, it was held under Government Resolution No. 6588 dated 7.7.1909 that it was not necessary to issue a separate lease as the Salt Department has issued to the holders a licence providing among others that the licensee shall pay ground rent." In 1946, party 'B' died intestate and for some time the property was administered by his heirs and later by the Custodian of Evacuee Property till July 1953 when the salt work on 130.5 acres of land was purchased in auction by firm 'C' (M/s. Textile Processors (P) Ltd.) on a consent decree passed by the Bombay High Court on 26.9.1952. The Secretary, Ministry of Industry explained saying that "when the lease expired in 1943 the licence continued. Nobody noticed that the lease was not there. The licence continued because there was a decision in 1909 that there was no need for a separate lease. That is the point where this confusion with regard to ownership started." Referring to the consent decree passed by the High Court, he stated "The way the

High Court Order was drafted in respect of sale it could possibly create the impression that what was being transferred was not only the salt work or leasehold rights, but ownership of land."

1.70 The Committee are unable to comprehend how the licence for manufacture of salt could be equated with the lease of land and why steps were not taken at any time to resume the land when the lease expired in 1943 and was not renewed. This was a serious lapse on the part of the Salt Department and, as subsequent paragraphs of the report indicate, has resulted in prolonged litigation and continued unauthorised occupation of Government land.

1.71. In February 1963, M/s. Textile Processors Ltd. wrote to the Salt Department for eviction of certain encroachments on the land. To this reference, the Salt Department informed the firm in March 1963 through a letter stating that as the salt work was a private property, the "Shilotries" of the salt works might be asked to take steps to evict the encroachment. Asked how this Government land was described as a "private property", the Salt Commissioner conceded during evidence: "That was a mistake. We did not have record at that time." The Salt Department had informed Audit earlier that the file in which the letter of March 1963 was issued was not traceable. However, during evidence given before the Committee in December, 1980, the Salt Commissioner stated that the file was lying in a confidential almirah of the Deputy Commissioner and had since been traced out. In the opinion of the Committee this explanation is evasive and unconvincing. It is incomprehensible to think that the relevant file was not traceable at the time of replying to Audit query, but the same could be traced out when the officials of the Ministry appeared before the Committee to tender evidence in December, 1980. They desire that an enquiry should be instituted against the official who without making a thorough search of records in his possession informed the Audit in a casual manner that the relevant file was not traceable.

1.72 The Committee are disturbed to note that the Salt Department wrote to M/s. Textile Processors Ltd. in March, 1963 describing the salt work as a private property. No wonder, the private parties took full advantage of this grave negligence on the part of the officials of the Department and managed to sell plots, got the building plans approved and construct buildings on the Government land. The Committee would like to have an explanation from the Department as to how this mistake of describing the Government property as "private property" occurred and what action was taken against

the official who committed this serious lapse of far reaching consequences.

1.73. In February 1965, the attorneys of M/s. Textile Processors (P) Ltd. informed the Dy. Salt Commissioner, Bombay that the land covered under Bharpur Salt Works had been distributed among the five partners and that the land was no more being used for manufacturing salt. By November 1966, four-storeyed buildings had been constructed and 2-3 buildings were under construction on the land. Local enquiries revealed that the buildings had been constructed after the building plans had been approved by the Bombay Municipal Corporation. The Salt Deptt. did not take the assistance of the Corporation in preventing such unauthorised constructions. The Department has now stated that no action was taken because "in a similar case the Department had sought the help of Municipal Corporation to prevent unauthorised construction on a Government land under dispute, and the Municipal Commissioner informed that the Municipal Corporation did not like to be a party in a dispute between the Salt Department and private parties and the Salt Department should seek its own legal remedies."

1.74. The Committee learn that the above parallel case related to a reference made in October 1973 wherein the Corporation was requested not to grant permission to anyone to construct structures on Pestomsagar salt work in Chembur Village (Bombay). The unauthorised constructions on the land over Bharpur Salt Works were made earlier in November 1966. The plea now put forward that the Corporation did not give cooperation in preventing unauthorised construction is wholly untenable because the parallel case relates to the correspondence made in 1973 whereas unauthorised constructions were made in Bharpur Salt Works in 1966. The fact is that during the years 1965 to 1973 the Department did not approach the Corporation for any assistance. It is unfortunate that instead of giving a straight reply to the query and accepting the omission, the Department chose to quote irrelevant instance which happened several years later. The Committee would like to know as to why no action was taken between 1965 to 1973 by the Department to enlist the assistance of the Municipal Corporation of Bombay to stop the unauthorised construction on the Government land. They recommend that responsibility for this costly lapse be fixed. The Committee would also like responsibility to be fixed for giving misleading information to them.

1.75. A portion of the land measuring 8 acres and 6 gunthas had been acquired by the Government of Maharashtra in 1958 under the



land Acquisition Act 1894 for the Eastern Express Highway on payment of compensation of Rs. 0.54 lakhs to M/s Textile Processors Ltd., and in September 1966, by an order of the Bombay High Court, an additional Compensation of Rs. 0.30 lakh was awarded to the firm. Although the Land Acquisition Officer had informed the Salt Department in 1960 about the proposed acquisition of land, the latter did not then go into the question of ownership of the land. It was only in 1965 that on the basis of an investigation carried out on receipt of a letter from the Attorneys of M/s. Textile Processors (P) Ltd. that the Salt Deptt. came to know that the portion of the land acquired by the Maharashtra Government actually belonged to the Central Government. Even at this stage, the Deptt. took no action to claim back compensation for the land either from the acquiring authority, i.e. Maharashtra Govt. or from M/s. Textile Processors (P) Ltd. from whom the land was acquired. About the reasons for not claiming compensation at that time, the Secretary, Ministry of Industry stated in evidence: "In 1966, we came to know that this mistake had been committed. At that time we got very much involved in evicting and so this aspect of the matter was overlooked. Actually we should have claimed compensation at that stage, but compensation having already been paid, it was then for the Maharashtra Government to resume it from those to whom it had been paid."

1.76. The Committee would like to point out that had the official of the Deptt. shown some concern, the present situation in which the firm got compensation for land which actually belonged to the Central Govt. would not have arisen. The Committee would like the Govt. to examine whether the compensation paid to the firm could still be recovered.

1.77. Although the attorneys of M/s. Textile Processors Ltd. had informed the Salt Deptt. in February 1965 that the land was no more being used for manufacturing salt, no concrete action was taken by the Deptt. immediately thereafter. It was only in December 1966 (i.e. after some four-storeyed buildings had been constructed over the land by November 1966) when the Dy. Salt Commissioner asked the firm's solicitors to instruct their clients to hand over vacant possession of their shares of the salt work to Government. On their failure to do so, proceedings for the vacation of the land were initiated in March 1967 under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. Thereafter the Ministry of Law advised the Ministry of Industry that as this particular Act had been challenged, Civil Suits might be filed. Sanction was obtained from the Ministry in this regard and when the civil suit applications were ready, an

ordinance was issued in 1968. The Ministry of Law then advised that as the jurisdiction of the Civil Courts had been barred, the action under the Public Premises (Eviction of Unauthorised Occupants) Act might be resumed and accordingly the eviction notices were issued again. In 1971, two of the five partners of the firm challenged the validity of the proceedings in the Bombay High Court and obtained an injunction, restraining the Deptt. from taking further proceedings in the matter. The Committee are distressed to note that the Department of Salt did not file the appeal either before the Division Bench or in the Supreme Court against the injunction orders. The petition was withdrawn by the two partners of the firm in August 1979. The Committee should be apprised of the circumstances in which this costly lapse has been taken place and responsibility fixed on officials concerned.

1.78. Eviction proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 have since been resumed. The Committee may be apprised of the latest position.

1.79. Out of an area of 138 acres and 27 gunthas (138.7 acres) originally leased out, an area of 8 acres and 6 gunthas was acquired by the Maharashtra Government, 35 acres is occupied by plots under actual buildings and about 15 acres by roads. There are some hutments covering an area of about 10 acres and about 70 acres under unauthorised occupation is lying vacant. The Committee had been informed that the value of the land under unauthorised occupation might be around Rs. 5 crores. In a note, the Ministry had stated that the market value of the land in the neighbouring areas was around Rs. 120/- per sq. yard in 1974-75 for building plots. On this basis, the market value of 130.5 acres of land (6.32 lakh sq. yards) under unauthorised occupation would work out to Rs. 7.58 crores in 1974-75. The Ministry have clarified that "the value of building plots situated in Bharpur Salt Works has been ascertained through local enquiries and it has been estimated that this would be around Rs. 300 per sq. metre. A correct estimate, however, can only be arrived at when the land is resumed by the Government after eviction proceedings are concluded and a decision is taken as to how the land is to be utilised." When the Committee wanted to know why 70 acres of land lying vacant was not taken possession of by the Government when the parties who had gone to the High Court had withdrawn their petition in August, 1979 and had no legal title, the representative of the Ministry of Law stated in evidence: "The position is, if the land is lying absolutely vacant,

that means, it is not used by anybody and, in that case, we can take it that it is under Government's possession. We can occupy it." However in a note submitted after the evidence the Ministry of Law have advised that "The Notice under Section 4 of the PP Act. ... covers the entire area of about 138 acres originally granted on lease which expired in 1943. Consequently, though vacant by non-user, the land is in the symbolic possession of the successors of the original lessees. ... Consequently, the Department cannot take forcible possession of the land admeasuring about 70 acres at present, till the proceedings initiated under the PP Act are concluded, more so, when the title of Central Government to the above lands is itself under challenge." The Committee feel concerned at the helplessness shown by the Ministries of Industry and Law in occupying that portion of the Government land which is still lying vacant. As more than 15 years have already elapsed since the unauthorised occupation and constructions of the land came to the knowledge of Government, the Committee desire that the eviction proceedings should be finalised without further delay and necessary steps taken to get possession of the land.

1.80. One of the important factors resulting in omission to renew the leases or to determine the ownership of the land was that the registers maintained by the Salt Department from 1932 did not contain any column to show the ownership of the land under Salt Works nor did they indicate the dates on which the leases of the land were to expire.

1.81. The Committee have been informed that action to prepare a register showing the necessary details was taken up in 1975. Thus even though the case of unauthorised occupation of land at Bharpur Salt Works had come to the notice of the Department in 1965 and the absence of proper records had come to their knowledge, no action was taken during the period 1965 to 1975 to bring the records up-to-date. The Committee take a serious view of this negligence on the part of the officials concerned and recommend that the erring officers may be brought to book.

1.82. Even after the work of preparing registers indicating up-to-date information was taken up in 1975 by the Land Cell constituted by the Department, investigation in respect of only 101 out of 286 cases was completed between the years 1975 and 1980. The Committee were informed by the Secretary, Ministry of Industry during evidence that the completion of these records would take another year. The Committee trust that these records will be brought

up-to-date and the lacuna in the records removed forthwith. In a later paragraph of this report, the Committee have recommended creation of a Cell for scrutinising records of salt works located in various states.

1.83. The Committee find that the Salt Department took no action to inform the public at any time through a notification or an advertisement in the Press that the land in question belonged to the Government and the unauthorised occupants were liable to such action as the Department might take. The Secretary, Ministry of Industry while confirming that "no public notice was issued" stated: "As a matter of fact, to be frank with you. I did not find evidence from the records that I have had occasion to go through so far to show that such a contemplation was ever entertained." The officers of the Salt Department were so unaware of the developments that it was only after reading in some newspapers about some people selling plots that the Department wrote to the Income-tax and revenue authorities that the people should not be allowed to sell plots as the land belonged to the Government. The Committee note that the Ministry of Law had advised in February 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government. It is distressing that although in another case the Ministry of Law had advised in February, 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government and public should not deal with it, the Salt Department did not care to follow this advice and it was only about four months before the evidence on this paragraph was taken by the PAC that the Department put up boards. However, the Salt Commissioner conceded during evidence that in the case of Bharpur Salt Work no such boards were put up. The Committee would like to know the reasons for not issuing the notice in this case also in the press. They desire that for this dereliction in duty in this case responsibility be fixed.

1.84. The Committee learn that the investigations made so far has revealed that there are three other cases in which lease of land expired long ago, viz. in July 1892 in respect of Bassein Salt Factory, Manik Mahal and in April, 1908 in the case of Wadala Salt Factories at Dadkudai and Laxman Govind. Salt manufacture continues in the first two cases. On the land in Laxman Govind area, salt work was closed in 1962 and the land acquired by the Government of Maharashtra. The Committee would like to know what is being done to resume the land over salt works at Manik Mahal and Dadkudai as the leases in these cases have already expired.

1.85. Besides the Bharpur Salt Works, two other Salt Works, namely, Pestomsagar Salt Work and Jehangir Mahal Salt Works are at present under unauthorised occupation. The title over land at Pestomsagar Salt Work is under dispute, and the matter is pending in the Bombay High Court. This was also commented upon in the Audit Report of the Comptroller and Auditor General of India for the year 1977-78. The question of ownership of Jehangir Mahal Salt Work is being enquired into by the Collector, Bombay. The Committee feel concerned over such instances of unauthorised occupation of Government land and desire that these cases should be pursued and finalised at the earliest.

1.86. According to the information furnished to the Committee, the lands over Salt Works at Dhanajoya, Khokri, Madhala Antop, Shakhari, Bharpur (sadala) Laxman Govind and Korbao within the Maharashtra salt region had been closed in 1962 and were acquired by the Maharashtra Government. As these lands were owned by the Central Government, the Committee would like to know details of the area of the land in each case, the amount of compensation paid and the steps taken to recover the amounts from the persons who received compensation which they were not entitled to receive.

1.87. According to the information furnished to the Committee, the area of land under salt works in various states during 1979 was 3,63,583 acres. The Secretary, Ministry of Industry conceded during evidence that "not only in this case (Bharpur Salt Works), there have been other cases where the Salt Department has not been aware of the ownership vested in them" and that "the policing aspect of the Salt Department particularly in the metropolitan and other areas of Bombay at the level of the Ministry, has not received due attention."

During the current examination of the Audit para relating to Bharpur Salt Works, only a few cases of unauthorised occupation of Salt lands have been placed before the Committee. The investigations done so far by the Salt Department relates to Maharashtra salt region only and that too is not complete. As has also been conceded by the Secretary, Ministry of Industry, there would be many more cases of salt lands under unauthorised occupation of private parties without the Deptt. even knowing about it. The Committee consider this a serious matter requiring immediate attention of the Ministry of Industry. They recommend that a Cell placed under the charge of senior officers should be constituted to scrutinise the records of all the lands under salt works in different States, to bring them up-to-date within a time-bound programme and to maintain them on a continuing basis so that the sad experience of unauthorised occupation of Government land in Bharpur

**Salt Works and other cases which have also come to notice is not repeated. The Ministry of Industry should also monitor the progress of work which has remained unattended all these years.**

**1.88. The Committee are informed that since 1960 salt works are given on lease and licence basis, after inviting tenders for a period of 20 years. The lease is co-terminus with the licence period. The Committee would like the Government to examine how the allotment of salt works on 20 year lease/licence basis had worked and whether any change therein is called for.**

## CHAPTER II

### DRY HYDRATED LIME AND CLAY POZZOLANA PLANTS

#### *Audit Paragraph*

2.1. In view of the acute shortage of cement and non-availability of standard quality lime at Delhi, the National Buildings Organisation (NBO) proposed (August 1974) the setting up of two plants, one for production of dry hydrated lime (capacity: 60 tonnes per day) and the other for clay pozzolana (reactive surkhi) (capacity: 20 tonnes per day), at Sultanpur, Delhi, at a total cost of Rs. 18 lakhs. The use of dry hydrated lime in mortars and plasters in comparison to cement was considered to be economical involving less consumption of mortar and providing better resistance to rain penetration. Both the plants were commissioned at a cost of Rs. 16.73 lakhs (Rs. 4.78 lakhs for clay pozzolana plant and Rs. 11.25 lakhs for the lime plant including civil works) in May 1976.

2.2. The plants were set up with the objectives of making good quality dry hydrated lime and clay pozzolana available to consumers, demonstrating the most efficient method of their production, testing and evaluating raw material samples, and training personnel deputed by prospective entrepreneurs.

2.3. *Working of the plant*—Although the plants were commissioned in May 1976, actual production could not be started before December 1976 due to delay in procuring electric power from the Delhi Electric Supply Undertaking (DESU) and delay in standardisation of parameters like lime-stone to coal ratio and time temperature effects. The plants for production of dry hydrated lime and clay pozzolana were, thus, expected to run (calculated from December 1976) 2,400 hours and 7,200 hours respectively during 1976-77 and 1977-78 onwards; against this the former actually operated for only 619 hours in 1976-77, 229 hours in 1977-88 and 1,107 hours in 1978-79 and the latter for 268 hours in 1976-77, 543 hours in 1977-78 and 663 hours in 1978-79.

2.4. The Ministry stated (August 1979) that before installation of the plants, the potential annual demand for dry hydrated lime was assessed at approximately 20,000 tonnes through a survey conducted by the NBO in 1974 and it was estimated that if the demonstration plant went into full production, it would meet 2/3rd of the

demand of lime for the three principal construction agencies at Delhi, viz., the Delhi Development Authority (DDA), the Central Public Works Department (CPWD) and Delhi Administration. The Ministry attributed the low utilisation of the plants to less demand than anticipated non-availability of storage space and initial teething problems.

2.5. In a meeting held on 3rd January 1978, the Chief Engineer, CPWD, New Delhi Zone observed that in times of shortage of cement, CPWD would have thought of using composite mortar but that it was stlier by about 8 per cent. The Ministry stated (August 1979) that the CPWD and the DDA agreed (June 1979) to take dry hydrated lime as store item and use it for plasters, whitewashing and mortars.

2.6. *Production*— The annual installed capacity of dry hydrated lime is 18,000 tonnes and or clay pozzolana is 6,000 tonnes. On the basis of actual utilisation of dry hydrated lime and clay pozzolana plants, the production of dry hydrated lime during 1976-77, 1977-78 and 1978-79 was 1,250 tonnes, 598 tonnes and 2,825 tonnes against the anticipated production (during the hours worked) of 1,547 tonnes, 572 tonnes, and 2,772 tonnes respectively; the production of clay pozzolana during 1976-77, 1977-78 and 1978-79 was 28 tonnes, 148 tonnes and 224 tonnes against the anticipated quantities of 223 tonnes, 542 tonnes and 553 tonnes respectively. The NBO stated (April 1978) that the total hours for which burner was operated included initial hours required for obtaining the optimum temperature before feeding could be done. As the calciner was operated intermittently when there was demand for the material, every time the burner had to be operated initially for a few hours to attain the optimum temperature before the actual production was started.

2.7. During 1976-77 and 1977-78, 1,848 tonnes of dry hydrated lime along with 1,406 tonnes of dust lime were produced out of 5,072 tonnes of limestone. According to the estimates prepared in August 1974, 5,072 tonnes of limestone should have yielded 3,019 tonnes of dry hydrated lime. The quantity actually produced was only 1,848 tonnes, i.e., 38.75 per cent less than the anticipated yield. During 1978-79, 2,825 tonnes of dry hydrated lime along with 908 tonnes of dust lime were produced out of 4,923 tonnes of limestone against the anticipated yield of 2,930 tonnes of dry hydrated lime. The less production of dry hydrated lime was, thus, due to more wastage than anticipated. The Ministry stated (August 1979) that the low yield of lime from limestone was due to non-standardisation of the method of production in the initial stages. This does not appear to



be correct, as the actual yield in 1978-79 was also less than the anticipated one.

2.8. *Cost of production and financial results*—As against an anticipated cost of production of dry hydrated lime and clay pozzolana of Rs. 127 and Rs. 80 per tonne respectively, the NBO had worked out (May 1974) the sale price of Rs. 146 and Rs. 90 per tonne respectively without packing charges. The sale price was, however, revised in May 1976 to Rs. 309 and Rs. 165 per tonne (inclusive of packing charges) respectively due to increase in cost of materials, labour power and fuel, etc. The actual cost of production of both materials for 1977-78, however, worked out to Rs. 759 and Rs. 1,029 per tonne (inclusive of packing charges) respectively and that for 1978-79 to Rs. 367 and Rs. 615 per tonne (inclusive of packing charges) respectively.

2.9. During 15th May, 1976 to 31st March, 1979, against the total expenditure (including depreciation) of Rs. 26.69 lakhs, the value of production was Rs. 16.34 lakhs only involving a loss of Rs. 10.35 lakhs. Taking into account the interest on capital investment of Rs. 16.73 lakhs (Rs. 16.78 lakhs in 1978-79) and working capital of Rs. 0.75 lakhs, the total loss till 31st March, 1979 worked out to Rs. 13.67 lakhs.

2.10. As per an agreement (1975) the plants were to be taken over by the National Building Construction Corporation (NBCC) after a period of two years from the date of their setting up on mutually agreed terms subject to their becoming commercially viable. The plants had, however, not been handed over to the NBCC so far (November 1979).

2.11. One of the objectives of the plant was to impart in service training to the technicians and entrepreneurs who desired to set up such plants in the country. No training courses were, however, conducted. The NBO only organised two appreciation programmes in December 1976 and September 1977, and also arranged demonstrations on 19 occasions till March 1978. The NBO stated (May 1978) that efforts were being made for conducting full fledged training courses after obtaining sufficient number of trainees from the public sector as well as from the private sector and a syllabus for the same was under preparation. The Ministry stated (August 1979) that the plants set up were intended for demonstration-cum-training and not for commercial purpose and that this purpose had been served. The fact, however, remains that the new materials, viz., dry hydrated lime and clay pozzolana did not find favour with

the principal construction agencies and that the plants were under-utilised, resulting in loss of Rs. 13.67 lakhs during 1976-77 to 1978-79. It may be mentioned that there was nothing on record to show that prior consultations were held with the principal construction agencies at the time of setting up of the plants. However, before the commissioning of the plants on 15th May, 1976, consultations were held (17th March, 1976) with the principal construction agencies in which only the DDA indicated its requirement of 9,000 tonnes of lime for 1976-77; subsequently in June 1979, the CPWD and the DDA agreed to take 150 tonnes and 200 tonnes of lime per month respectively. However, only 72.25 tonnes and 7.75 tonnes of lime were actually lifted by the CPWD and the DDA respectively since inception. Thus, the material did not find favour with these agencies.

[Para 11 of the Advance Report of C&AG for the year 1978-79,  
Union Government (Civil)]

2.12. The setting up of clay pozzolana plant and dry hydrated lime plant at Sultanpur, Delhi was approved/sanctioned by the Ministry of Works and Housing on 17 March, 1975 and 8 August, 1975 respectively. The target for completion of work on installations of clay pozzolana plant was January 1976 and that for dry hydrated lime plant was April 1976. The work on clay pozzolana plant commenced from March 1975 and that of dry hydrated lime plant from August 1975. Both the plants were commissioned at a cost of Rs. 16.73 lakhs (Rs. 4.78 lakhs for clay pozzolana plant and Rs 11.95 lakhs for the lime plant including civil works) in May 1976.

#### *Working of the Plant*

2.13. It is seen from audit paragraph that although the plants were commissioned in May 1976, actual production could not be started before December 1976 due to delay in procuring electric power from Delhi Electric Supply Undertaking (DESU) and delay in standardisation of parameters like lime-stone to coal ratio and time-temperature effects.

2.14. The Committee desired to know why the preliminaries regarding obtaining of electric connection from the DESU were not completed in time so that actual production could have been started as soon as the plants were commissioned in May, 1976. In a note furnished to the Committee, the Ministry of Works and Housing have stated:

“As per the agreement the National Building Construction Corporation (NBCC) Mechanised Brick Plant would have

to make necessary arrangements for supplying electricity to N.B.O. Demonstration Plant. In the month of May 1976 NBCC provided the temporary electric connection which was abruptly withdrawn after a fortnight from the date of inauguration of the plant because necessary permission for supplying electricity to the N.B.O. Demonstration Plant was not obtained by N.B.C.C. Moreover, it took time to persuade the DESU for obtaining the necessary permission to supply electricity to N.B.O. Plant by NBCC Mechanised Brick Plant from their own transformer."

2.15. As regards the reasons for the delay in standardisation of parameters like limestone to coal ratio and time-temperature effects, the Ministry have stated:

"The trial production took about two months when the standardisation of parameters like limestone to coal ratio and time temperature effects were examined. It was found that limestone and coal ratio varied according to the quality of these materials. In addition, it took time to impart the necessary experience/and training to the labourers who were not initially familiar with the techniques of production."

2.16. According to audit para the Ministry of Works and Housing had stated in August 1979 that before installation of the plants, the potential annual demand for dry hydrated lime was assessed at approximately 20,000 tonnes through a survey conducted by the N.B.O. in 1974 and it was estimated that if the demonstration plant went into full production, it would meet 2/3rd of the demand of lime for the three principal construction agencies at Delhi, viz., the Delhi Development Authority (DDA), the Central Public Works Department (CPWD) and Delhi Administration.

2.17. When enquired about the basis on which the annual demand of 20,000 tonnes of dry hydrated lime was assessed in the survey by the N.B.O. in 1974, the Ministry of Works and Housing, in a note, stated:

"The assessment of the demand of dry-hydrated lime was based on the consumption of cement by DDA, Delhi Administration and CPWD during 1974 which was estimated as 1,06,000 m.t. in total. Assuming that composite mortar of 1 cement : 2 lime : 9 sand was to be used requirement of lime was assessed as 20,000 m.t. per annum

based on the total consumption of cement 1,06,000 m.t. by C.P.W.D. D.D.A. and Delhi Administration."

2.18. According to the Ministry, the factors which were taken into account for surveying the assessment for dry hydrated lime were as under:

- (i) 35—40 per cent of total consumption of cement goes to compounding of mortars and plasters for housing and building construction which could be replaced by lime.
- (ii) The composite mortar of 1 cement : 2 lime : 9 sand is superior to 1 cement : 6 sand mortars.
- (iii) The consumption of cement by D.D.A., C.P.W.D. and Delhi Administration during 1974 was 70,000 m.t. 20,000 m.t. and 16,000 m.t. respectively.
- (iv) Considering the capacity of 15,000 m.t. of dry hydrated lime per year, 2/3rds of the total requirement of 20,000 m.t. lime could be met by the plant.
- (v) Saving of 10,000 m.t. cement approximately per year and a moderate saving of 6 per cent in the cost of mortar.

2.19. In reply to a query, the Ministry of Works and Housing have stated that the survey was conducted at the Chief Engineer's level.

2.20. When enquired whether the assessment of demand was not independently examined by the Ministry of Works and Housing, the reply given is as under:

"Yes. The Ministry convened the meeting of all principal construction agencies on 17th March, 1976 to examine the assessment of demand under the Chairmanship of the Secretary, Ministry of Works and Housing. The Chief Engineers of the principal construction agencies like CPWD, DDA, MCD, MES, Delhi Administration etc., who attended the meeting, indicated their requirements of hydrated lime for different construction projects. DDA alone had indicated that they would require 9,000 m.t. of dry hydrated lime and that they would be able to take 20—25 metric tonnes of dry hydrated lime per day from the plant. The Chief Engineers of the CPWD stated that even though the overall cost of 1 : 2 : 9 cement : lime : sand mortars might be marginally higher than 1 : 6 cement : sand mortar, they would like to use lime mortars

because of the technical advantages and for the sake of promotion of the use of lime which gives better mortar. After hearing the views expressed by the construction agencies, the Chairman also felt that 55 m.t. per day which would be available from NBO's Demonstration plant was not much and would have no difficulty in being purchased by these principal construction agencies, since their total demand was considered to be much more than 55 m.t. per day."

2.21. The Committee desired to know whether any prior consultation was held with the principal construction agencies (*viz.*, the DDA, CPWD and Delhi Administration) before setting up of the plants. The Ministry of Works and Housing have, in their reply, stated:

"In December, 1975, before the plant was commissioned and started productions all the major construction agencies based in Delhi were approached requesting them to intimate NBO their requirement of lime and whether it will be possible for them to purchase lime from N.B.O. In addition, Secretary, Ministry of Works and Housing had convened a meeting of the Chief Engineers of the principal construction agencies to ascertain their views regarding use of NBO's hydrated lime to be produced in the near future. However, no consultation took place with the principal construction agencies before the project was approved."

2.22. When asked whether any undertaking was obtained or understanding reached with the above three principal construction agencies for the quantities which they would lift every month, the Ministry of Works and Housing replied:

"In the meeting held on 17th March, 1976 D.D.A. informed that they would require 9000 m.t. of lime per annum and they would take 20—25 m.t. hydrated lime per dry. In the meeting held in June, 1979 C.P.W.D. and D.D.A. had agreed to use the lime as a store item. The D.D.A. had agreed to take 150 m.t. lime per month while the C.P.W.D. indicated their requirement of about 200 m.t. per month.

2.23. To another question as to whether there was actual demand of 20,000 tonnes after the plant started production, the Ministry have stated:

"No, the expectation did not materialise at the anticipated level."

2.24. The Committee desired to know the reasons for the actual off-take being much less than anticipated. In reply, the Ministry of Works and Housing have stated:

“The products were new and it took time to convince the people about its utility. Being a demonstration-cum-training plant, the cost of production of dry hydrated lime was higher and the mortars incorporating lime along with cement was estimated to cost higher by the construction agencies. Before the plant went into production, CPWD estimated that the cost of 1 : 2 : 9 cement : lime : sand mortar would be marginally higher than 1 : 6 cement : sand mortar. In spite of it, the Chief Engineer of CPWD agreed to use lime mortar because of its technical advantages and for the sake of promotion of the use of lime which gives better mortar. In the initial stages as it did not fully satisfy the requirements, prescribed in the relevant ISI standards, before including hydrated lime in the tenders, CPWD desired elaborate and long range testing of lime production produced at NBO's plant and lime available in the market to be undertaken. The elaborate testing was carried out at the laboratories of CPWD; Cement Research Institute (CRI) and Central Building Research Institute (CBRI). Now the CPWD has included hydrated lime in the tenders invited for the new projects only.”

2.25. Explaining further as to why the material did not find favour with the construction agencies, the Ministry of Works and Housing have stated:

“Since 1974, some change have taken place in the techniques of construction in Delhi. The CPWD and DDA had started construction of mostly four storeyed buildings where great stress is laid on the strength characteristics of the mortar. However, in single brick thick load bearing walls which are being adopted for four-storeyed residential quarters by CPWD for effecting economy in construction, the strength of the mortars plays very important role. The earthquake forces have also to be accounted for in such structures. As such, the strength of mortars required by the CPWD/DDA was more than what was anticipated in the beginning. As a result, the NBO's product, though suitable for two-storeyed buildings perhaps did not find much favour with DDA/CPWD etc. During recent years

to tide over the scarcity of cement, cement manufacturers have started producing portland pozzolana cement in which upto 20 per cent pozzolana is being mixed with cement. With the availability of portland pozzolana cement in the market the question of admixture of clay pozzolana produced by the NBO plant, with cement for mortars and plasters, did not rise. In order to boost up the sales, efforts were made to persue the construction agencies outside Delhi like Punjab PWD, Haryana Irrigation, UP Housing and Development Board etc. The lime pozzolana mixture in ready-to-use form was developed and introduced."

2.26. Audit para points out that both the plants were under-utilised and the Ministry had attributed the low utilisation of the plants to less demand than anticipated, non-availability of storage space and initial teething troubles. The Committee desired to know the reasons for not providing any storage space. The Ministry of Works and Housing have stated in their reply:

"It was anticipated that the principal construction agencies like CPWD & DDA would lift the material produced from NBO Demonstration Plant/regularly and there may not be any accumulation of the materials. As such the construction of storage, godowns at the NBO Demonstration Plant was not considered in the beginning."

2.27. According to audit para CPWD and the DDA had agreed in June 1979 to take dry hydrated lime as store item and use it for plasters, white washing and mortars. In a note furnished to the Committee the Ministry of Works and Housing have stated that in the meeting held in June 1979, DDA had agreed to take 150 m.t. hydrated lime p.m. from NBO plant and CPWD had stated that their requirement would be around 200 m.t. p.m.

2.28. When enquired how much has been drawn by CPWD and DDA so far, the Ministry of Works and Housing have stated:

"CPWD took 15.28 m.t. and DDA 17.75 m.t. dry hydrated lime so far from the NBO plant. It took time to CPWD to change the specifications and to include NBO's lime in their tenders for new projects. DDA had earlier prescribed quick lime in their tenders which was available at a cheaper rate in the market. Therefore, the off-take was less by CPWD and DDA due to the reasons mentioned above."

2.29. As regards the position of clay pozzolana, the Ministry of Works and Housing have stated:

“The clay pozzolana alone did not find favour with the users initially because of the high cost and being a new product. It could only be used in combination with the lime. Later on, lime pozzolana mixture was developed and introduced in ready-to-use condition to improve the position.

### Production

2.30. Production of dry hydrated lime and clay pozzolana during the years 1976-77 to 1979-80 was as under:

Year	Dry hydrated lime production (in tonnes)	Clay pozzolana
1976-77	1250	4
1977-78	598	148
1978-79	2825	224
1979-80	2173	374

2.31. The Audit para points out that production of these two products was less than the anticipated production (during the hours-worked) during these years.

In this regard the NBO is reported to have stated in April 1978 that the total hours for which burner was operated included initial hours required for obtaining the optimum temperature before feeding could be done. As the calciner was operated intermittently when there was demand for the material, every time the burner had to be operated initially for a few hours to attain the optimum temperature before the actual production was started. When asked to indicate the measures that had been adopted to get over these difficulties and to step up production and to boost up demand, the Ministry of Works and Housing have stated in a note:

“The fluidized bed calciner developed by NBO was designed in such a way that it has to be heated initially for a couple of hours to attain the optimum temperature required for calcination of clays before any material is



fed into the calciner, it was technically possible to avoid this initial heating which was carried out by oil fired burner. Hence, the only way to reduce the oil consumption was to run the calciner continuously for at least a week, which could be possible only when there was regular demand for the material. Hence avoid frequent stoppage of calciner and the burner, efforts were made to run it continuously and simultaneously steps were taken to create good demand for the material. With this view, lime pozzolana mixture in ready-to-use condition was developed to step up the production of clay pozzolana. For promoting the use of this new material wide publicity was given through newspaper advertisements, distribution of literature and demonstrations of the production and use of this material at the plant."

2.32. According to the audit para the production of dry hydrated lime from lime stone was low during 1976-77, 1977-78 and 1978-79 as compared to estimates prepared in August 1974. The Committee desired to know the reasons for low yield of dry hydrated lime from lime stone during these years. The Ministry of Works and Housing have stated in reply:

"Low yield mainly resulted from under-burning or over-burning of the lime stone during the initial stages of trial production. The yield also varied according to the quality of lime stone and coal, coal of lower grade had to be used to continue production. Another reason is the stoppage of production from time to time. Due to less demand sometimes the production had to be slowed down by drawing less quantity of lime from the lime kilns. The feeding was also not uniform and it varied depending upon the draw of the quick lime from the kiln. This had resulted in the non-uniform burning of the lime stone producing more dust lime and under burnt lime."

2.33. The Ministry of Works and Housing have further added that the difficulties mentioned above were later removed by increasing the production gradually and also by utilising some percentage of dust lime under burnt lime and over burnt lime produced in the hydration process.

#### *Cost of Production and Financial Results*

2.34. At the instance of the Committee, the Ministry of Works and Housing have furnished the following statement indicating the cost

of production of dry hydrated lime and clay pozzolana during each of the years from 1976-77.

*Cost of Production (Rs. per m.t.)*

Sl. No.	Year	Dry hydrated lime	Clay pozzolana	Lime pozzolana mixture
1.	1976-77 . . . . .	Not estimated		
2.	1977-78 . . . . .	759.00	1029	..
3.	1978-79 . . . . .	367.00	615	..
4.	1979-80 . . . . .	411.66	..	505.40

2.35. According to the Ministry of Works and Housing, the reasons for variation in cost of production of both the materials are:

- (i) Intermittent closure of the plant/production due to shortage of coal or low off-take and absence of godown.
- (ii) Variation in the quantity of production during each year. Variation in prices of raw material, fuel, transportation, labour rates etc.

2.36. The sale prices of these materials since 1976 were as under:

*Sale Price per M.T.*

S. No.	Year	Dry hydrated lime	Clay pozzolana	Lime pozzolana mixture
		Rs.	Rs.	Rs.
1.	1976 . . . . .	300.00	165.00	
2.	1977 . . . . .	300.00	165.00	
3.	1978 . . . . .	300.00	165.00	
4.	1979 . . . . .	350.00	165.00	300.00
5.	1980 . . . . .	400.00	..	350.00

Details of profit/loss on the working of the plants since 1976-77 are as under:

S. No.	Year	Loss Rs. in lacs	Profit Rs. in lacs
1.	1976-77	5.22	
2.	1977-78	5.19	
3.	1978-79	3.26	
4.	1979-80	2.15	
Total Loss—Rs. 15.82 lacs			

2.37. The Committee desired to know whether the reasons for the losses had been identified. The Ministry of Works and Housing have stated in a note:

“The reasons for the losses have been found to be mainly due to the low utilisation of the capacity. Efforts were made to increase the capacity utilisation as far as possible depending upon the demand in the market. However, a decision has been taken to close down the plant from May, 1980 since then.”

2.38. The audit para further points out that as per an agreement (1975) the plants were to be taken over by the National Building Construction Corporation after a period of two years from the date of their becoming commercially viable. However according to the Ministry the plants had not been handed over to the NBCC as these had not become commercially viable.

2.39. One of the objectives, according to audit para was to impart in-service training to the technicians and entrepreneurs who desired to set up such plants in the country. No training courses were, however, conducted. The Committee enquired why full-fledged training courses were not conducted to train a sufficient number of trainees after commissioning of the plants in May 1976 and starting production from December 1976. In reply the Ministry of Works and Housing have in a note stated:

“In the first two years the fullfledged training course could not be conducted because of frequent stoppage of the plant. The two appreciation courses for the uses and principal construction agencies have been conducted in 1976 and 1977 in addition to the demonstration of the process to the entrepreneurs on several occasions.”

2.40. In reply to a question as to why only two appreciation programmes were organised in December 1976 and December 1977, the Ministry of Works and Housing have stated:

“Two appreciation courses were organised in December 1976 and December 1977 because at that time there had not been much response from the entrepreneurs/users for the training courses.”

2.41. When asked how many appreciation programmes and demonstrations were organised since March 1978, the Ministry have stated:

“Since March, 1978, a short-term training course for kiln operators/artisans was conducted and 52 Demonstrations were arranged for the prospective entrepreneurs/construction lana mixture.”

2.42. On being asked about the result of the demonstration-cum-training programme, the Ministry have added:—

“It has created a greater appreciation regarding the new techniques of production and acceptance of new materials like, dry hydrated lime and clay pozzolana and lime pozzolana mixture”

2.43. The Committee desired to know whether the NBO had examined the feasibility of setting up small plants for serving the purpose of demonstration and training. The Ministry of Works and Housing have stated:

“No. It may be stated that initially for production of clay pozzolana a 2 ton pilot plant was developed at Sriram Institute of Industrial Research Delhi, using fluidized bed technique, as a sponsored R&D project of NBO. After successful trial production of this pilot plant was considered that a medium scale unit of 20 tonnes per day may be set up as commercial unit for demonstration and training purposes. While preparing feasibility report for commercial production of dry hydrated lime to meet the demand of Delhi market with regard to principal construction agencies like CPWD and DDA it was considered that a plant of 35 m.t. per day capacity of dry hydrated lime in two shifts needs to be set up, although a 5-10 tonnes plant for dry hydrated lime could also be set up. Moreover, the scale of operation was considered necessary to create an

impact on construction activities in Delhi with regard to use of dry hydrated lime and clay pozzolana.”

2.44. It is learnt from Audit Government had stated in August 1979 that—

“It will not be correct to judge the performance of these plants on the basis of their working during the first two years and that too from a purely commercial angle. They should rather be judged from the demonstration and promotional angle and these objectives.....have been substantially achieved.”

2:45. The Committee enquired whether the objectives of making good quality-dry lime and clay pozzolana available to consumers, demonstrating the most efficient method of their production etc. have been achieved. In reply the Ministry of Works and Housing have furnished the following note:

“It has been observed that the dry hydrated lime and clay pozzolana produced in the NBO's demonstration plant were of better quality than those available in the market. This has been substantiate by the comprehensive testing undertaken at the CBRI. The quality of the materials produced were found to be adequate for the construction or 1 or 2 storeyed buildings. Even CPWD and DDA have agreed to use it in mortars and plaster for the construction of 1 or 2 storeyed buildings.

As part of the objective the demonstrations of the techniques of production of dry hydrated lime and clay pozzolana were organised on several occasions. The Centre was visited by Chairman/Chief Engineers of various public Sectors construction agencies, State Housing Boards, etc. As a result of these demonstrations, two captive plants in Madhya Pradesh and one at Srinagar of Similar types by Srinigar Development Authority have been installed. At the instance of Karnataka Housing Board, N. B. O. has also prepared feasibility report for setting up three similar dry hydrated lime plants at Karnataka. Feasibility report for setting up another lime plant of similar nature in Himachal Pradesh is being prepared by NBO. Jammu and Kashmir Minerals have also decided to set up such plants at Jammu and Srinagar.”

2.46. At the instance of the Committee the Ministry of Works and Housing have furnished the following note indicating the measures

taken by them to improve the position.

- “1. Various construction agencies outside Delhi, such as Punjab PWD, Haryana Irrigation, UP Housing and Development Boards were approached for utilising the products of the plants.
2. Lime pozzolana mixtures were developed in the market.
3. Comprehensive testing of the products of the plant were undertaken at NBO and CPWD Laboratory, Cement Research Institute, with a view to evaluating the quality of products.
4. Application was made to ISI for certification of the products produced by NBO Plant.

In spite of these steps, the products could not find favour with the principal construction agencies in Delhi like CPWD & DDA mainly because the cost of mortars compounded with NBO lime was estimated by them as higher than that of 1:6 cement-sand-mortars and the quality of the product was not found to conform to Indian Standards. In view of the above, in the meeting taken by the Secretary, Ministry of Works & Housing, a decision was taken to close the plant by 31st May 1980. Subsequently, in a meeting held in the Ministry, it was decided that NBO should call the representatives of the Government of Haryana and ascertain from them if they are willing to run the plant as managing agent of NBO. After the discussions with the Haryana Government, the NBO should approach Delhi Administration for taking the land on lease from them. NBO should also appoint a technical committee to determine the reserve price of the plant and intimate the same to the DGS&D and ascertain from them the time required for disposal of the plant. Some State construction departments and private entrepreneurs have evinced interest in the plant and have approached NBO to consider leasing out the plant to them on suitable terms. If this does not materialise, it has been proposed to dispose of the plant through DGS&D by publication.”

2.47. When asked about the latest position, the Ministry of Works and Housing in their communication dated 3 March, 1981 have stated that the CPWD is considering to take over the plants.

2.48. In August, 1974, the National Buildings Organisation (NBO) proposed the setting up of two plants, one for production of dry

hydrated lime (capacity: 60 tonnes per day) and the other for clay pozzolana (reactive surkhi) (capacity: 20 tonnes per day) at Sultanpur, Delhi. The use of dry hydrated lime in mortars and plasters in comparison to cement was considered to be economical involving less consumption of mortar and providing better resistance to rain penetration. The proposal was sanctioned by the Ministry of Works and Housing in August 1975. The plants were commissioned hydrated lime (capacity: 60 tonnes per day) and the other for clay in procuring electric power from the Delhi Electric Supply Undertaking and delay in standardisation of parameters like limestone to coal ratio and time temperature effects.

2.49. As against the installed capacity of 18,000 tonnes per annum, the production of dry hydrated lime was 598 tonnes, 2825 tonnes and 2173 tonnes during the years 1977-78, 1978-79 and 1979-80. This production worked out to only 3.3 per cent, 15.7 per cent and 12.1 per cent respectively of the installed capacity during these three years.

2.50. As regards clay pozzolana, the installed capacity of the plant was 6,000 tonnes and against it the production was 148 tonnes, 224 tonnes and 374 tonnes during the years 1977-78, 1978-79 and 1979-80. This production worked out to only 2.5 per cent, 3.7 per cent and 6.2 per cent respectively of the installed capacity during these three years.

2.51. One of the reasons for low production of these products is stated to be lower off-take than anticipated. In this connection, the Committee find that the potential annual demand for dry hydrated lime was assessed at approximately 20,000 tonnes through a survey conducted by the National Buildings Organisation. This assessment was based on the consumption of cement during 1974 by the three principal construction agencies, namely CPWD, DDA and Delhi Administration and assuming that composite mortar of 1 cement: 2 lime: 9 sand was to be used. The consumption of cement during that year by these agencies was 1,06,000 tonnes (CPWD—20,000 tonnes, DDA—70,000 tonnes, Delhi Administration—16,000 tonnes). In December, 1975, the NBO approached the principal construction agencies in Delhi to intimate their requirement of lime and whether "it would be possible for them to purchase lime from NBO". Again on 17 March, 1976, the Secretary, Ministry of Works and Housing convened a meeting with the Chief Engineers of these agencies to ascertain "their views regarding use of NBO's dry hydrated lime to be produced in the near future". The Committee have been informed that at this meeting, the DDA indicated that it would be able to take 20.25 tonnes of dry hydrated lime per day from the plant. The

Chief Engineer of the CPWD stated that even though the overall cost of lime produced by NBO's plant might be marginally higher, they would like to use lime mortars because of the technical advantages and for the sake of promotion of the use of lime which gives better mortar. On this basis, the Secretary of the Ministry felt that there would be no difficulty in sale of NBO's product to these agencies.

2.52. The Committee find that the above expectation of the Ministry did not materialise. The NBO's products did not find favour with the CPWD and DDA because the cost of mortars compounded with NBO lime was higher and the quality of the product was not found to conform to ISI specifications. Further, since 1974 these agencies had started construction of four-storeyed buildings where stress was laid on the strength characteristics of the mortar. Thus the NBO's products though considered suitable for one or two storeyed buildings did not meet the requirements of multi-storeyed buildings.

2.53. The Ministry have stated that at a meeting held in June 1979, the CPWD and DDA agreed to take dry hydrated lime as a "store-item" and use it for plasters, white-washing and mortars. It is further stated that the DDA had agreed to take 150 tonnes lime per month while CPWD indicated their requirement of about 200 tonnes per month. Actually the CPWD have lifted 15.28 tonnes and DDA 17.25 tonnes dry hydrated lime so far. The off-take was thus negligible.

2.54. The cost of production of dry hydrated lime at NBO's plant was Rs. 759 per tonne during 1977-78, Rs. 367 per tonne during 1978-79 and Rs. 412 per tonne during 1979-80 as against the estimated cost of production of Rs. 127 per tonne. The sale price of this product was fixed at Rs. 300 per tonne during 1977 and 1978, Rs. 350 per tonne during 1979 and Rs. 400 per tonne during 1980. The sale price was thus lower than the cost of production. As regards clay pozzolana, it is seen that its cost of production was Rs. 1029 per tonne during 1977-78 and Rs. 615 per tonne during 1978-79 as against the anticipated production cost of Rs. 80 per tonne. Its sale price was fixed at Rs. 165 per tonne which works out to about 27 per cent of the production cost in 1978-79. The production of clay pozzolana at the NBO's plant thus proved to be a highly uneconomical proposition. An effort was made to develop lime pozzolana mixture in ready-to-use condition to step up the production of clay pozzolana. During 1979-80, 610 tonnes of lime pozzolana mixture was produced at a



cost of Rs. 505 per tonne. Its sale price was fixed at the lower rate of Rs. 300 and Rs. 350 per tonne during the year 1979 and 1980 respectively.

2.55. According to the Ministry, the loss on the operation of these plants amounted to Rs. 15.82 lakhs (Rs. 5.22 lakhs in 1976-77; Rs. 5.19 lakhs in 1977-78; Rs. 3.26 lakhs in 1978-79 and Rs. 2.15 lakhs in 1979-80).

2.56. One of the objectives of the scheme was to impart in-service training to the technicians and entrepreneurs who desired to set up such plants in the country. The National Buildings Organisation had organised only two appreciation courses in December, 1976 and December, 1977. The Ministry of Works and Housing have stated that "at that time there had not been much response from the entrepreneurs/users for the training course." Since March, 1978, a short-term training course for kiln operators/artisans and 52 demonstrations were arranged for the prospective entrepreneurs/construction agencies etc. The Ministry have stated that these programmes have "created a greater appreciation regarding the new techniques of production and acceptance of new materials like, dry hydrated lime, clay pozzolana and lime pozzolana mixture."

2.57. As NBO's products did not find favour with the principal construction agencies namely CPWD and DDA who were expected to buy them, the Ministry of Works and Housing decided to close the plant by 31 May, 1980. The Ministry also decided that the NBO should explore the possibility of the Government of Haryana or any State construction department or private entrepreneur taking over the management of the plant on suitable terms. If this does not materialise, the plant is proposed to be disposed of by public auction.

2.58. The Committee regret to find that the proposal to set up these plants was approved by the Government without making a proper assessment of the potential demand for dry hydrated lime and clay pozzolana. In fact, the principal construction agencies, namely, CPWD, DDA and Delhi Administration who were expected to have consumed a bulk of the NBO's products were never consulted about their requirements before the Government approved (March 1975) the proposal for setting up of these plants. Later, in December 1975 and March 1976, only enquiries were made from these agencies asking for their views regarding use of NBO's dry hydrated lime and whether it would be possible for them to purchase it from NBO.

2.59. Another disquieting feature of the scheme is that the quality of dry hydrated lime produced at the NBO's plant did not come up to the required specifications and this resulted in non-acceptance of the products by the potential buyers. The cost of production/sale price of the NBO's product was also high and thus the expectation that in comparison to cement these products would be economical did not materialise.

2.60. The Committee deplore the manner in which the setting up of these two plants (Cost: Rs. 16.73 lakhs) was conceived and executed by the Government. Incorrect assessment of demand for dry hydrated lime and clay pozzolana, high cost of production and inferior quality of these products, lack of skill in operating the plants and poor response to the in-service training courses started by the NBO clearly indicate how wrong planning can bring bad name to the Government and also to the Governmental agencies which are entrusted with the work of executing such schemes. The Committee would, therefore, like the Government to undertake an enquiry into the whole case, right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor off-take and ultimately had to be closed down in May 1980.

2.61. The Committee feel that if the quality of the products is improved to ISI standards the plants can still play their useful role in meeting the requirements of Government agencies at least for construction of single or double storeyed buildings besides offering those products for private constructions. The Committee would recommend that before handing over the plants to any State construction agency or a private entrepreneur or auctioning them, Government should examine how and why the scheme failed, and should also reconsider the possibility of operating the plants through NBO (and not CPWD) after making fresh feasibility study with special emphasis on marketing strategy and minimum capacity requirements.

NEW DELHI;  
April 25, 1981

Vaisakha 5, 1903 (S).

CHANDRAJIT YADAV  
Chairman,

Public Accounts Committee.

## APPENDIX I

(Vide para 1.9)

### EXTRACT OF CONDITIONS 18 AND 32 OF THE INDENTURE OF LEASE DATED 31 DECEMBER, 1845

18th—Should you wish to sell or transfer the said village in any way whatever to any other person, you are to apply to Government for permission to do so, and if the person to whom you may wish to transfer the above village shall be approved of by the Government, it will grant you such permission, and you are then at liberty to transfer it to him. The farm of the village in question is to be held by one individual as an undivided property and is in cases of succession to be considered, as concerns Government, the property of the head of the family.

32nd—There are in the aforesaid village about 150 bighas of swampy land which might be made available for salt pans; you are, therefore, as proposed by you in your petition to expand whatever sum of money may be considered necessary, and convert the said land into salt pans within five years from 1844-45, if you fail to do so, you will be liable to a penalty of Rs. 500 and to pay rent of the ground, according to the prevailing rates in Salsette from the year from which your farm commences; but if you, according to the conditions here in agreed, make the salt pans, you are to guide yourself according to the following conditions:

1st—"If Government require land on said pans for the purpose of building chaukis, you are to give it up without objections; your claim for ground rent will not be admitted.

2nd—"If Government employ karkuns, peons and other persons you are not to obstruct them in any arrangement they may make for the better security of the salt.

3rd—"You are not to remove salt from the salt works without previously paying, according to regulations, the Government excise duty, and obtaining permit to that effect.

4th—"If Government, with a view of preventing losses in the excise duty and Battees, make arrangements connected with the

produce, salt, removal and unsold portion or salt either Agarwar; Raswur; Koolwar; etc., you are not to obstruct them. Should Government direct you to keep any accounts and Dufters regarding salt, you are to conform to such orders, and to produce them when required by any of the Government officers. If your signature, that of your Karkun or of the manufacturers of salt, be considered necessary on any Government account or paper, you are not to refuse it. Finally, if Government furnish you with a Chopree for the purpose of entering the sales, etc. of salt, you are to receive it without urging any objections.

5th—"If Government directs an imposition of any new tax or ban on salt, besides that now in force, the same will be collected from you. Any objection which you may have to offer thereto will not be attended to.

6th—"You and your heirs are to conform to the Regulations shiristas orders and usages now in force or which may in future be enforced.

7th—"You are not to make any alterations whatever in the salt pans without the previous permission of Government.

8th—"You and your heirs are to conform to any arrangements which Government may introduce in the Plant regarding the ground rent of salt pans.

9th—"In the event of the Excise revenue of the salt pans which you propose to construct in the aforesaid village falling at any time short of the expenses of establishment that it will be necessary to entertain for their management Government is at liberty, at its own discretion, to suppress the said salt pans. Any objections or any claim to losses which you may urge on the subject will not be attended to."

## APPENDIX-II

(Vide paras 1.11 and 1.2)

Removal of a lease of certain land at Mahim

No. 6588

REVENUE DEPARTMENT

Bombay Castle, 7th July, 1909

Letter from the Collector of Bombay, No. L.R. 3136 dated 28th April, 1909.

"I have the honour to refer to Government Resolution No. 10305, dated the 10th October, 1908 sanctioning the renewal of lease of certain land situate in the Mahim District on the Gastward of Rowli Hill and to resubmit the case for further orders.

"2. The land was first leased in 1846 for constructing salt pans for a term of 21 years renewable on expiry.

"3. Since 1st August, 1897, the land has been considered as transferred to the Salt Department which charges royalty in the shape of maundage in lieu of ground rent, under the orders contained in Government Resolution No. 134, dated the 6th January 1808, Since that date no recovery on account of ground rent has been made by this office in this or other similarly cases.

"4. The Government Resolution sanctioning the Renewal together with the expired lease and other papers underlying it, were accordingly forwarded to the Collector of Salt Revenue, Bombay, for settlement of the terms of the new lease. Mr. Lucas has, however, returned the papers to me for disposal saying that it has not been the practice in the Salt Department to obtain separate agreement for the lease of lands used for salt manufacture, in accordance with the opinion of the Rememberancer of Legal Affairs quoted in the Government Resolutions Nos. 4917 and 6339, dated respectively, the 16th June and 6th August, 1885 *vide* copies of my letter No. L. R. 9176, dated 12th December 1908 to the Collector and of his reply to it, hereto attached.

"5. To enable me to dispose of this and similar cases, I have the honour to request the orders of Government on the following points:—

- (1) Whether the new leases should be granted by this office or by the Salt Department.

- (2) Whether an addition should be made in the new leases stating that the rent reserved will not be payable so long as the lessees pay the maundage rates fixed by the Collector of Salt Revenue". Government memorandum No. 4613, dated 11th May 1909:—

"Forward to the Commissioner of Custom, Salt Opium and 'A' bakari for favour of remarks".

Memorandum from the Commissioner of Customs Salt, Opium and 'A' bakari, No. 3724, dated 11th June 1909.

"In returning the above the Commissioner has the honour to report that the land in question had been transferred to the Salt Department, and the Collector of Salt Revenue has issued to the holders a licence under Section 11 of the Salt Act, II of 1890, to manufacture salt under certain conditions, one of which is that the licences shall pay ground rent at the maundage rate fixed by Government. There appears therefore no need for the grant of a separate lease either by the Collector of Bombay or the Collector of Salt Revenue, but it seems necessary that the former officer should make a note in the survey Register that the persons in question are superior holders of the land."

The course suggested by the Commissioner of Customs, Salt, Opium and 'A' Bakari is approved and should be adopted in similar cases.

Sd/-

Under Secretary to the Govt. of India,

To

The Commissioner of Customs, Salt Opium and 'A' Bakari,  
 The Collector of Bombay,  
 The Collector of Salt Revenue, Bombay  
 The Collector to Government,  
 The Public Works Department of the Secretariat.

### APPENDIX III

#### Statement of Observations and Recommendations

S. No.	Para No.	Ministry /Deptt.	Observations/Recommendations
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1	1, 68	Ministry of Industry (Deptt. of Industrial Development)	
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In the erstwhile Bombay State, "Ghatkopar" village was leased to party 'A' (Ruttonjee Eduljee Bottlewalla) for a period of 99 years from 1844-45. According to the terms of the lease the lessee could utilise the salt land in the village for construction of salt work subject to payment of ground rent and other taxes. A salt work known as "Bharpur Salt Work" was set up by the lessee in 1845 in an area covering about 138.7 acres of the leased premises. Unfortunately, the Department of Industrial Development or the Office of the Salt Commissioner could not make available to the Committee a copy of the Survey Map of the village which could throw some light about the exact area of the village originally leased out to firm 'A' vis-a-vis the area under salt works. The Committee consider this information vital, particularly in view of the fact that the property was sold in 15 lots on 2 February, 1917 by public auction (including lot 'A' of 138 acres and 27 guntas (Bharpur Salt Work) and in order to know as to under whose possession the area of the village other than the salt work is, what is

its total area, total cost, how it is being utilised and whether any action by Government has been taken to resume this land.

In 1917-18, the lease of the land under salt work was separated from the lease in respect of the rest of the village and the licence to manufacture salt was issued in favour of party 'B' (Haji Aboo Saleh Mohammad). Although the lease expired in 1943, party 'B' continued to manufacture salt on this land under the authority of the licence granted to it by the Salt Department on payment of the necessary ground rent. As to the reasons for non-renewal of lease in 1943, the Ministry of Industry have informed that "when the question of renewal of certain leases of land under salt manufacture arose, it was held under Government Resolution No. 6588 dated 7th July, 1909 that it was not necessary to issue a separate lease as the Salt Department has issued to the holders a licence providing among others that the licensee shall pay ground rent." In 1946, party 'B' died intestate and for some time the property was administered by his heirs and later by the Custodian of Evacuee Property till July 1953 when the salt work on 130.5 acres of land was purchased in auction by firm 'C' (M/s. Textile Processors (P) Ltd.) on a consent decree passed by the Bombay High Court on 26th September, 1952. The Secretary, Ministry of Industry explained saying that "when the lease expired in 1943 the licence continued. Nobody noticed that the lease was not there. The licence continued because there was a decision in 1909 that there was no need for a separate lease. That is the point where this confusion with regard to ownership started." Referring to the consent



decree passed by the High Court, he stated "The way the High Court Order was drafted in respect of sale it could possibly create the impression that what was being transferred was not only the salt work or leasehold rights, but ownership of land."

Ministry of Industry  
(Dept. of Industrial  
Development)

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The Committee are unable to comprehend how the licence for manufacture of salt could be equated with the lease of land and why steps were not taken at any time to resume the land when the lease expired in 1943 and was not renewed. This was a serious lapse on the part of the Salt Department and, as subsequent paragraphs of the report indicate, has resulted in prolonged litigation and continued unauthorised occupation of Government land.

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In February 1963, M/s. Textile Processors Ltd., wrote to the Salt Department for eviction of certain encroachments on the land. To this reference, the Salt Department informed the firm in March 1963 through a letter stating that as the salt work was a private property, the "Shilotries" of the salt works might be asked to take steps to evict the encroachment. Asked how this Government land was described as a "private property", the Salt Commissioner conceded during evidence: "That was a mistake. We did not have record at that time." The Salt Department had informed Audit earlier that the file in which the letter of March 1963 was issued was not traceable. However, during evidence given before the Com-

mittee in December, 1980, the Salt Commissioner stated that the file was lying in a confidential almirah of the Deputy Commissioner and had since been traced out. In the opinion of the Committee this explanation is evasive and unconvincing. It is incomprehensible to think that the relevant file was not traceable at the time of replying to Audit query, but the same could be treated out when the officials of the Ministry appeared before the Committee to tender evidence in December, 1980. They desire that an enquiry should be instituted against the official who without making a thorough search of records in his possession informed the Audit in a casual manner that the relevant file was not traceable.

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The Committee are disturbed to note that the Salt Department wrote to M/s. Textile Processors Ltd. in March 1963 describing the salt work as a private property. No wonder, the private parties took full advantage of this grave negligence on the part of the officials of the Department and managed to sell plots, get the building plans approved and construct buildings on the Government land. The Committee would like to have an explanation from the Department as to how this mistake of describing the Government property as "private property" occurred and what action was taken against the official who committed this serious laps of far reaching consequences.

In February 1965, the attorneys of M/s. Textile Processors (P) Ltd. informed the Dy. Salt Commissioner, Bombay that the land covered under Bharpur Salt Works had been distributed among the

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five partners and that the land was no more being used for manufacturing salt. By November 1966, four-storeyed buildings had been constructed and 2-3 buildings were under construction on the land. Local enquiries revealed that the buildings had been constructed after the building plans had been approved by the Bombay Municipal Corporation. The Salt Deptt. did not take the assistance of the Corporation in preventing such unauthorised constructions. The Department has now stated that no action was taken because "in a similar case the Department had sought the help of Municipal Corporation to prevent unauthorised construction on a Government land under dispute, and the Municipal Commissioner informed that the Municipal Corporation did not like to be a party in a dispute between the Salt Department and private parties and the Salt Department should seek its own legal remedies."

The Committee learn that the above parallel case related to a reference made in October 1973 wherein the Corporation was requested not to grant permission to anyone to construct structures on Pestomsagar salt work in Chembur Village (Bombay). The unauthorised constructions on the land over Bharpur Salt Works were made earlier in November 1966. The plea now put forward that the Corporation did not give cooperation in preventing unauthorised

Construction is wholly untenable because the parallel relates to the Correspondence made in 1973 whereas unauthorised constructions were made in Bharpur Salt Works in 1966. The fact is that during the years 1965 to 1973 the Department did not approach the Corporation for any assistance. It is unfortunate that instead of giving a straight reply to the query and accepting the omission, the Department chose to quote irrelevant instance which happened several years later. The Committee would like to know as to why no action was taken between 1965 to 1973 by the Department to enlist the assistance of the Municipal Corporation of Bombay to stop the unauthorised construction on the Government land. They recommend that responsibility for this costly lapse be fixed. The Committee would also like responsibility to be fixed for giving misleading information to them.

A portion of the land measuring 8 acres and 6 gunthas had been acquired by the Government of Maharashtra in 1958 under the Land Acquisition Act, 1894 for the Eastern Express Highway on payment of compensation of Rs. 0.54 lakhs to M/s. Textile Processors Ltd., and in September 1966, by an order of the Bombay High Court an additional compensation of Rs. 0.30 lakh was awarded to the firm. Although the Land Acquisition Officer had informed the Salt Department in 1960 about the proposed acquisition of land, the latter did not then go into the question of ownership of the land. It was only in 1965 that on the basis of an investigation carried out on receipt of a letter from the Attorneys of M/s. Textile Processors

(P) Ltd., that the Salt Deptt. came to know that the portion of the land acquired by the Maharashtra Government actually belonged to the Central Government. Even at this stage, the Deptt. took no action to claim back compensation for the land either from the acquiring authority, i.e. Maharashtra Government or from M/s. Textile Processors (P) Ltd. from whom the land was acquired. About the reasons for not claiming compensation at that time, the Secretary, Ministry of Industry stated in evidence: "In 1966 we came to know that this mistake had been committed. At that time we got very much involved in evicting and so this aspect of the matter was overlooked. Actually we should have claimed compensation at that stage, but compensation having already been paid, it was then for Maharashtra Government to resume it from those to whom it had been paid."

9 1.76

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The Committee would like to point out that had the official of the Deptt. shown some concern, the present situation in which the firm got compensation for land which actually belonged to the Central Government would not have arisen. The Committee would like the Government to examine whether the compensation paid to the firm could still be recovered.

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Although the attorneys of M/s. Textile Processors Ltd. had informed the Salt Deptt. in February, 1965 that the land was no

more being used for manufacturing salt, no concrete action was taken by the Deptt. immediately thereafter. It was only in December 1966 (i.e. after some four-storied buildings had been constructed over the land by November, 1966) when the Dy. Salt Commissioner asked the firm's solicitors to instruct their clients to hand over vacant possession of their shares of the salt works to Government. On their failure to do so, proceedings for the vacation of the land were initiated in March, 1967 under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. Thereafter the Ministry of Law advised the Ministry of Industry that as this particular Act had been challenged, Civil Suits might be filed. Sanction was obtained from the Ministry in this regard and when the civil suit applications were ready, an ordinance was issued in 1968. The Ministry of Law then advised that as the jurisdiction of the Civil Courts had been barred, the action under the Public Premises (Eviction of Unauthorised Occupants) Act might be resumed and accordingly the eviction notices were issued again. In 1971, two of the five partners of the firm challenged the validity of the proceedings in the Bombay High Court and obtained an injunction restraining the Deptt. from taking further proceedings in the matter. The Committee are distressed to note that the Department of Salt did not file the appeal either before the Division Bench or in the Supreme Court against the injunction orders. The petition was withdrawn by the two partners of the firm in August, 1979. The Committee should be apprised of the circumstances in which this costly

lapse has been taken place and responsibility fixed on officials concerned.

11 1.78 Ministry of Industry  
(Deptt. of Industrial  
Development)

Eviction proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act 1971 have since been resumed. The Committee may be apprised of the latest position.

12 1.79 Ministry of Law/  
Ministry of Industry

Out of an area of 138 acres and 27 gunthas (138.7 acres) originally leased out, an area of 8 acres and 6 gunthas was acquired by the Maharashtra Government, 35 acres is occupied by plots under actual buildings and about 15 acres by roads. There are some hutments covering an area of about 10 acres and about 70 acres under unauthorised occupation is lying vacant. The Committee had been informed that the value of the land under unauthorised occupation might be around Rs. 5 crores. In a note, the Ministry had stated that the market value of the land in the neighbouring areas was around Rs. 120 per sq. yard in 1974-75 for building plots. On this basis, the market value of 130.5 acres of land (6.32 lakh sq. yards) under unauthorised occupation would work out to Rs. 7.58 crores in 1974-75. The Ministry have clarified that "the value of building plots situated in Bharpur Salt Works has been ascertained through local enquiries and it has been estimated that this would be around Rs. 300 per sq. metre. A correct estimate, however, can only be arrived at when the land is resumed by the Government

after eviction proceedings are concluded and a decision is taken as to how the land is to be utilised." When the Committee wanted to know why 70 acres of land lying vacant was not taken possession of by the Government when the parties who had gone to the High Court had withdrawn their petition in August, 1979 and had no legal title, the representative of the Ministry of Law stated in evidence: "The position is, if the land is lying absolutely vacant, that means, it is not used by anybody and, in that case, we can take it that it is under Government's possession. We can occupy it." However in a note submitted after the evidence the Ministry of Law have advised that "The Notice under Section 4 of the PP Act.... covers the entire area of about 138 acres originally granted on lease which expired in 1943. Consequently, though vacant by non-user, the land is in the symbolic possession of the successors of the original lessees..... Consequently, the Department cannot take forcible possession of the land admeasuring about 70 acres at present, till the proceedings initiated under the PP ACT are concluded, more so, when the title of Central Government to the above lands is itself under challenge." The Committee feel concerned at the helplessness shown by the Ministries of Industry and Law in occupying that portion of the Government land which is still lying vacant. As more than 15 years have already elapsed since the unauthorised occupation and constructions of the land came to the knowledge of Government, the Committee desire that the eviction proceedings should be finalised without further delay and necessary steps taken to get possession of the land.



- 13 1.80 Department of Industrial Development  
 One of the important factors resulting in omission to renew the leases or to determine the ownership of the land was that the registers maintained by the Salt Department from 1932 did not contain any column to show the ownership of the land under Salt Works nor did they indicate the dates on which the leases of the land were to expire.
- 14 1.81 Do.  
 The Committee have been informed that action to prepare a register showing the necessary details was taken up in 1975. Thus even though the case of unauthorised occupation of land at Bharpur Salt Works had come to the notice of the Department in 1965 and the absence of proper records had come to their knowledge, no action was taken during the period 1965 to 1975 to bring the records up-to-date. The Committee take a serious view of this negligence on the part of the officials concerned and recommend that the erring officers may be brought to book.
- 15 1.82 Do.  
 Even after the work of preparing registers indicating up-to-date information was taken up in 1975 by the Land Cell constituted by the Department, investigation in respect of only 101 out of 286 cases was completed between the years 1975 and 1980. The Committee were informed by the Secretary, Ministry of Industry during evidence that the completion of these records would take another year. The Committee trust that these records will be brought up-to-date and the lacuna in the records removed forthwith. In a

later paragraph of this report, the Committee have recommended creation of a Cell for scrutinising records of salt works located in various States.

16 1.83 Do. The Committee find that the Salt Department took no action to inform the public at any time through a notification or an advertisement in the Press that the land in question belonged to the Government and the unauthorised occupants were liable to such action as the Department might take. The Secretary, Ministry of Industry while confirming that "no public notice was issued" stated: "As a matter of fact, to be frank with you, I did not find evidence from the records that I have had occasion to go through so far to show that such a contemplation was ever entertained." The officers of the Salt Department were so unaware of the developments that it was only after reading in some newspapers about some people selling plots that the Department wrote to the Income-tax and revenue authorities that the people should not be allowed to sell plots as the land belonged to the Government. The Committee note that the Ministry of Law had advised in February 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government. It is distressing that although in another case the Ministry of Law had advised in February, 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government and public should not deal with it, the Salt Department did not care to follow this advice and it was only about four months before the evidence on this Paragraph was taken by the PAC that the Department put up boards. How-

ever, the Salt Commissioner conceded during evidence that in the case of Bharpur Salt Work no such boards were put up. The Committee would like to know the reasons for not issuing the notice in this cause also in the press. They desire that for this dereliction in duty in this case responsibility be fixed.

17/ 1.84 Department of Industrial  
Development

The Committee learn that the investigations made so far has revealed that there are three other cases in which lease of land expired long ago, viz. in July 1892 in respect of Bassein Salt Factory, Manik Mahal and in April 1908 in the cases of Wadala Salt Factories at Dadkudai and Laxman Govind. Salt manufacture continues in the first two cases. On the land in Laxman Govind area, salt work was closed in 1962 and the land acquired by the Government of Maharashtra. The Committee would like to know what is being done to resume the lands over salt works at Manik Mahal and Dadkudai as the leases in these cases have already expired.

18/ 1.85 Do.

Besides the Bharpur Salt Works, two other Salt Works, namely, Pestomsagar Salt Work and Jehangir Mahal Salt Work are at present under unauthorised occupation. The title over land at Pestomsagar Salt Work in under dispute, and the matter is pending in the Bombay High Court. This was also commented upon in the Audit Report of the Comptroller and Auditor General of India for the year 1977-78. The question of ownership of Jehangir Mahal Salt Work is being enquired into by the Collector, Bombay. The Com-

mittee feel concerned over such instances of unauthorised occupation of Government land and desire that these cases should be pursued and finalised at the earliest.

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According to the information furnished to the Committee, the lands over Salt Works at Dhanajoya, Khokri, Madhala Antop, Sakhari, Bharpur (sadala) Laxman Govind and Korba within the Maharashtra salt region had been closed in 1962 and were acquired by the Maharashtra Government. As these lands were owned by the Central Government, the Committee would like to know details of the area of the land in each case, the amount of compensation paid and the steps taken to recover the amounts from the persons who received compensation which they were not entitled to receive.

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According to the information furnished to the Committee, the area of land under salt works in various states during 1979 was 3,63,583 acres. The Secretary, Ministry of Industry conceded during evidence that "not only in this case (Bharpur Salt Works), there have been other cases where the Salt Department has not been aware of the ownership vested in them" and that "the policing aspect of the Salt Department particularly in the metropolitan and other areas of Bombay at the level of the Ministry, has not received due attention."

During the current examination of the Audit para relating to Bharpur Salt Works, only a few cases of unauthorised occupation of salt lands have been placed before the Committee. The investigations done so far by the Salt Department relates to Maharashtra

salt region only and that too is not complete. As has also been conceded by the Secretary, Ministry of Industry, there would be many more cases of salt lands under unauthorised occupation of private parties without the Deptt. even knowing about it. The Committee consider this a serious matter requiring immediate attention of the Ministry of Industry. They recommend that a Cell placed under the charge of senior officers should be constituted to scrutinise the records of all the lands under salt works in different States, to bring them up-to-date within a timebound programme and to maintain them on a continuing basis so that the sad experience of unauthorised occupation of Government land in Bharpur Salt Works and other cases which have also come to notice is not repeated. The Ministry of Industry should also monitor the progress of work which has remained unattended all these years.

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21 1.88 Department of Industrial Development  
The Committee are informed that since 1960 salt works are given on lease and licence basis, after inviting tenders for a period of 20 years. The lease is co-terminus with the licence period. The Committee would like the Government to examine how the allotment of salt works on 20-year lease/licence basis had worked and whether any change therein is called for.

22 2.48 Ministry of Works and Housing.  
In August, 1974, the National Buildings Organisation (NBO) proposed the setting up of two plants, one for production of dry hydrated

- lime (capacity: 60 tonnes per day) and the other for clay pozzolana (reactive surkhi) (capacity: 20 tonnes per day) at Sultanpur, Delhi. The use of dry hydrated lime in mortars and plasters in comparison to cement was considered to be economical involving less consumption of mortar and providing better resistance to rain penetration. The proposal was sanctioned by the Ministry of Works and Housing in August 1975. The plants were commissioned in May 1976. Production started only in December 1976 due to delay in procuring electric power from the Delhi Electric Supply Undertaking and delay in standardisation of parameters like limestone to coal ratio and time temperature effects.
- 23      2.49      Do.      As against the installed capacity of 18,000 tonnes per annum, the production of dry hydrated lime was 598 tonnes, 2825 tonnes and 2173 tonnes during the years 1977-78, 1978-79 and 1979-80. This production worked out to only 3.3. per cent, 15.7 per cent and 12.1 per cent respectively of the installed capacity during these three years. ९
- 24      2.50      Do.      As regards clay pozzolana, the installed capacity of the plant was 6,000 tonnes and against it the production was 148 tonnes, 224 tonnes and 374 tonnes during the years 1977-89, 1978-79 and 1979-80. This production worked out to only 2.5 per cent, 3.7 per cent and 6.2 per cent respectively of the installed capacity during these three years.
- 25      2.51      Do.      One of the reasons for low production of these products is stated to be lower off-take than anticipated. In this connection, the Committee find that the potential annual demand for dry hydrated lime

was assessed at approximately 20,000 tonnes through a survey conducted by the National Buildings Organisation. This assessment was based on the consumption of cement during 1974 by the three principal construction agencies, namely CPWD, DDA and Delhi Administration and assuming that composite mortar of 1 cement: 2 lime: 9 sand was to be used. The consumption of cement during that year by these agencies was 1,06,000 tonnes (CPWD—20,000 tonnes DDA—70,000 tonnes, Delhi Administration—16,000 tonnes). In December, 1975, the NBO approached the principal construction agencies in Delhi to intimate their requirement of lime and whether "it would be possible for them to purchase lime from NBO". Again on 17 March, 1976, the Secretary, Ministry of Works and Housing convened a meeting with the Chief Engineers of these agencies to ascertain "their views regarding use of NBO's dry hydrated lime to be produced in the near future". The Committee have been informed that at this meeting, the DDA indicated that it would be able to take 20.25 tonnes of dry hydrated lime per day from the plant. The Chief Engineer of the CPWD stated that even though the overall cost of lime produced by NBO's plant might be marginally higher, they would like to use lime mortars because of the technical advantages and for the sake of promotion of the use of lime which gives better mortar. On this basis, the Secretary of the Ministry felt that there would be no difficulty in sale of NBO's product to these agencies.

The Committee find that the above expectation of the Ministry did not materialise. The NBO's products did not find favour with the CPWD and DDA because the cost of mortars compounded with NBO lime was higher and the quality of the product was not found to conform to ISI specifications. Further, since 1974 these agencies had started construction of four-storeyed buildings where stress was laid on the strength characteristics of the mortar. Thus the NBO's products though considered suitable for one or two storeyed buildings did not meet the requirements of multi-storeyed buildings.

The Ministry have stated that at a meeting held in June 1979, the CPWD and DDA agreed to take dry hydrated lime as a "store item" and use it for plasters, whitewashing and mortars. It is further stated that the DDA had agreed to take 150 tonnes lime per month while CPWD indicated their requirement of about 200 tonnes per month. Actually the CPWD have lifted 15.28 tonnes and DDA 17.25 tonnes dry hydrated lime so far. The off-take was thus negligible.

2.54 The cost of production of dry hydrated lime at NBO's plant was Rs. 759 per tonne during 1977-78, Rs. 367 per tonne during 1978-79 and Rs. 412 per tonne during 1979-80 as against the estimated cost of production of Rs. 127 per tonne. The sale price of this product was fixed at Rs. 300 per tonne during 1977 and 1978, Rs. 350 per tonne during 1979 and Rs. 400 per tonne during 1980. The sale price was thus lower than the cost of production. As regards clay pozzolana, it is seen that its cost of production was Rs. 1029 per



tonne during 1977-78 and Rs. 615 per tonne during 1978-79 as against the anticipated production cost of Rs. 80 per tonne. Its sale price was fixed at Rs. 165 per tonne which works out to about 27 per cent of the production cost in 1978-79. The production of clay pozzolana at the NBO's plant thus proved to be a highly uneconomical proposition. An effort was made to develop lime pozzolana mixture in ready-to-use condition to step up the production of clay pozzolana. During 1979-80, 610 tonnes of lime pozzolana mixture was produced at a cost of Rs. 505 per tonne. Its sale price was fixed at the lower rate of Rs. 300 and Rs. 350 per tonne during the year 1979 and 1980 respectively.

According to the Ministry, the loss on the operation of these plants amounted to Rs. 15.82 lakhs (Rs. 5.22 lakhs in 1976-77; Rs. 5.19 lakhs in 1977-78; Rs. 3.26 lakhs in 1978-79 and Rs. 2.15 lakhs in 1979-80).

One of the objectives of the scheme was to impart in-service training to the technicians and entrepreneurs who desired to set up such plants in the country. The National Buildings Organisation had organised only two appreciation courses in December, 1976 and December, 1977. The Ministry of Works and Housing have stated that "at that time there had not been much response from the entrepreneurs/users for the training course". Since March, 1978, a

short-term training course for kiln operators|artisans and 52 den-ons-trations were arranged for the prospective entrepreneurs|construc-tion agencies etc. The Ministry have stated that these programmes have "created a greater appreciation regarding the new techniques of production and acceptance of new materials like, dry hydrated lime, clay pozzolana and lime pozzolana mixture".

As NBO's products did not find favour with the principal construction agencies namely CPWD and DDA who were expected to buy them, the Ministry of Works and Housing decided to close the plant by 31 May, 1980. The Ministry also decided that the NBO should explore the possibility of the Government of Haryana or any State construction department or private entrepreneur taking over the management of the plant on suitable terms. If this does not materialise, the plant is proposed to be disposed of by public auction.

The Committee regret to find that the proposal to set up these plants was approved by the Government without making a proper assessment of the potential demand for dry hydrated lime and clay pozzolana. In fact, the principal construction agencies, namely CPWD, DDA and Delhi Administration who were expected to have consumed a bulk of the NBO's products were never consulted about their requirements before the Government approved (March 1975) the proposal for setting up of these plants. Later, in December 1975 and March 1976, only enquiries were made from these agencies asking for their views regarding use of NBO's dry hydrated lime and whether it would be possible for them to purchase it from NBO.

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Another disquieting feature of the scheme is that the quality of dry hydrated lime produced at the NBO's plant did not come up to the required specifications and this resulted in non-acceptance of the products by the potential buyers. The cost of production/sale price of the NBO's product was also high and thus the expectation that in comparison to cement these products would be economical did not materialise.

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Do.

The Committee deplore the manner in which the setting up of these two plants (Cost: Rs. 16.73 lakhs) was conceived and executed by the Government. Incorrect assessment of demand for dry hydrated lime and clay pozzolana, high cost of production and inferior quality of these products, lack of skill in operating the plants and poor response to the in-service training courses started by the NBO clearly indicate how wrong planning can bring bad name to the Government and also to the Governmental agencies which are entrusted with the work of executing such schemes. The Committee would, therefore, like the Government to undertake an enquiry into the whole case, right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor offtake and ultimately had to be closed down in May 1980.

The Committee feel that if the quality of the products is improved to ISI standards the plants can still play their useful role in meeting the requirements of Government agencies at least for construction of single or double storeyed buildings besides offering those products for private constructions. The Committee would recommend that before handing over the plants to any State construction agency or a private entrepreneur or auctioning them, Government should examine how and why the scheme failed, and should also reconsider the possibility of operating the plants through NBO (and not CPWD) after making fresh feasibility study with special emphasis on marketing strategy and minimum capacity requirements.

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