

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1980-81)**

(SEVENTH LOK SABHA)

NINTH REPORT

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

On

**PERQUISITES ENJOYED BY PUBLIC SECTOR
EXECUTIVES AND PERQUISITES ENJOYED BY
AIR INDIA EXECUTIVES—A CASE STUDY**

Presented to Lok Sabha on 20 MAR 1981
Laid in Rajya Sabha on



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 1981/Phalgun, 1902 (Saka)

Price : Rs. 1.56

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(1980-81)

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ON PUBLIC UNDERTAKINGS**

(1980-81)

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-

INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 9th Report on Action Taken by Government on the recommendations contained in the 42nd Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Perquisites enjoyed by Public Sector Executives and Perquisites enjoyed by Air India Executives—A case study.

2. The 42nd Report of the Committee on Public Undertakings was presented to Lok Sabha on 23 April, 1979. Replies of Government to all the recommendations contained in the Report were received on 24 December, 1980. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 23 February 1981. The Report was finally adopted by the Committee on Public Undertakings on 26 February 1981.

3. Analysis of the Action Taken by Government on the recommendations contained in the 42nd Report of the Committee is given in Appendix II.

NEW DELHI;
February 28, 1981.
Phalguna 9, 1902 (S).

BANSI LAL,
Chairman,
Committee on Public Undertakings.

CHAPTER I

REPORT

The Report of the Committee deals with the Action Taken by Government on the recommendations contained in the Forty-Second Report (Sixth Lok Sabha) of the Committee on Public Undertakings on Perquisites enjoyed by Public Sector Executives and Perquisites enjoyed by Air India Executives—A Case Study, which was presented to Lok Sabha on 23rd April, 1979.

2. Action Taken notes have been received from Government in respect of all the 27 recommendations contained in the Report. These have been categorised as follows:—

(i) *Recommendations/observations that have been accepted by Government:*

Serial Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, 18, 19, 21, 23, 24, 25 and 26.

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:*

Serial Nos. 15 and 22.

(iii) *Recommendations/observations in respect of which Government's replies have not been accepted by the Committee:*

Serial Nos. 12, 13, 20 and 27.

(iv) *Recommendations/observations in respect of which final replies of Government are still awaited:*

Nil.

3. The Committee will now deal with the action taken by Government on some of their recommendations.

A. *Guidelines on Perquisites enjoyed by Chief Executives*

Recommendation (Sl. Nos. 1 and 27, Paragraphs 2.6 and 7.1)

4. The Committee had pointed out that their examination of the perquisites enjoyed by public sector executives had been, to a large extent, frustrated because of the incompleteness of the information furnished by the undertakings. The Committee took exception to the manner in which the questionnaire issued by them was handled by the BPE and observed that the BPE was expected, in the first instance, to inform the Public Undertakings, what in their view constituted 'perquisites' and thereafter ensure submission of

complete information by them. They observed that although there could not be any rigid parity in this matter among the public undertakings and between the public undertakings, the Central Government, Railways and the P & T, the provision of perquisites should conform to a broad pattern. They recommended that there should be a clear definition of perquisites and a pattern laid down for regulating each of items indicating how the monetary effect thereof should be computed in an acceptable manner and also ensuring that sum total of all should not be unduly high compared to the basic pay. They also recommended that a comprehensive review of the whole matter might immediately be undertaken by the BPE in the light of the observations made by them and necessary guidelines issued.

5. In their reply, the Government have stated that it would have been inappropriate for the Bureau to amplify or modify the questionnaire sent to them. The time allotted to the Ministry for transmission of the questionnaire, giving clarifications on points raised by public enterprises, verification of the information submitted and transmission of the data received from them was grossly inadequate inasmuch as more than 170 enterprises were to be addressed. Considering the magnitude of the task, the Bureau showed no reluctance nor was there any lapse on the part of the Bureau.

6. It has been further stated that the Chief Executive or Managing Directors of Public Enterprises whether in the Statutory Corporations or in Enterprises established under the Companies Act, are governed by normal sets of terms and conditions. These *inter alia* include the benefits as Company's contribution towards CPF, medical benefit for self and family, LTC and earned leave and housing accommodation. Gratuity is also payable to these Executives at the time of superannuation or retirement. In the interest of efficient and expeditious work, Chief Executive of the Public Enterprises are allowed the additional benefit of chauffeur driven car against recovery of a stipulated sum. The accommodation hired for his residence or allotted for residential purposes out of the flats owned or constructed by the enterprises is also generally in accordance with norms evolved by the Government. In enterprises like Coal India, BCCL, PBC, etc. the residential accommodation provided is slightly liberal due to historical reasons.

7. The observations of the Committee have been brought to the notice of the public enterprises.

8. The Committee had pointed out how their examination of the perquisites enjoyed by public sector executives had been, to a large extent frustrated because of the incompleteness of the information furnished by the undertakings. One of the important functions for which the BPE was set up was to co-ordinate the work relating to the examination of public undertakings by Parliamentary Committees. The Committee, therefore, took exception to the manner in which the questionnaire issued by them was handled by the Bureau, who were expected to inform the public undertakings as to what constituted 'perquisites' to ensure submission of complete information. This certainly would not have involved any amplification or modification to the questionnaire by the Bureau. Admittedly, a number of undertakings did not have a clear concept of 'perquisites'. In this connection the Committee's recommendation that there should be a clear definition of perquisites and a pattern laid down for regulating each of the items indicating how the monetary effect thereof should be computed in an acceptable manner and ensuring the sum total of all should not be unduly high compared to the basic pay, assumes significance. Unfortunately from the reply of the Government, no specific exercise in this regard appears to have been undertaken. The Committee would, therefore, reiterate that this exercise should be undertaken without delay.

B. Expenditure on Rent for Residential Accommodation of Chief Executives.

Recommendations (Sl. Nos. 12 and 13—paragraphs 331 and 332)

9. The Committee had pointed out the indiscriminate allotment of accommodation owned or hired by the undertakings, far in excess of normal requirement. For instance, in the case of 14 undertakings the Chief Executives occupied accommodation exceeding a plinth area of 3000 sq. ft. each. They were of the view that the explanation for inordinately high monthly rental for the accommodation hired could be found in needless excessive accommodation hired and it was not as if the market rate of rent was very high. The Committee observed that if only the allotment of accommodation had been regulated within the limits already laid down in pursuance of the recommendations contained in their earlier Reports, the Undertakings would have been saved from unnecessary additional or avoidable expenditure. The Committee recommended that the position should be reviewed by the BPE comprehensively and on the basis of the results thereof, accommodation hired in excess of reasonable limits should be relinquished and smaller accommodation within the rental limit prescribed should be hired.

10. The Committees were sorry to note that as many as 31 undertakings had not disclosed the plinth area occupied by the Chief Executives in respect of the accommodation either owned or hired by the Undertakings. They desired that after obtaining complete details, the BPE should review the position in respect of these cases also.

11. In reply, the Government have stated, *inter alia*, that guidelines with regard to House rent allowance payable to the executives of public enterprises as also hiring accommodation for allotment to the executives of public enterprises are contained in Bureau of Public Enterprises O.M. dated 6-9-1968. The scales of accommodation to be constructed in new townships for various categories of the executives in the public enterprises have also been indicated by the Government. Although every effort is made to conform to the parameters laid down while hiring accommodation for the executives of the public enterprises, the steep rise in the rentals in the metropolitan cities and other adjoining areas during the last few years have necessitated relaxation of the norms in some cases. Specific approval of the Government is required to be obtained by the enterprises while hiring accommodation for the Chief Executives and other members of the Board depending on the merits of the case. The norms for accommodation are designed to achieve a balance between requirements to conduct business efficiently and the need to avoid lavishness or ostentation.

12. In reply to recommendations/observations of the Committee contained in Paragraphs 6.4 to 6.5 and 6.28 to 6.30 of the Report (S. Nos. 17 and 22) the Government have *inter alia* stated as follows:—

“As far as expenditure on house rent is concerned, it is important to bear in mind the housing situation in Bombay which is extremely difficult. To get a reasonable flat in a fairly central locality within a sum of Rs. 2500 to Rs. 3000 per month cannot be considered a luxury or extravagance.

* * * * *

There are 18 officers (Air India) in whose cases rents are being paid in excess of the guidelines laid by Bureau of Public Enterprises. Of these, 6 cases pertain to Bombay, 7 to Delhi, 1 to Calcutta, 1 to Bangalore, 1 to Trivandrum, 1 to Hyderabad and 1 to Ahmedabad. Unfortunately,

disproportionately high rents prevail in Bombay and Delhi. In these cities it is impossible to find reasonable flats within the stipulated 45 per cent of the salary. In fact, in Bombay, flats on rent are extremely difficult to come by any way and if per chance there is one available the rent is prohibitive."

13. The Committee were of the view that inordinately high monthly rent for accommodation hired could be found in excessive accommodation hired. In this connection they had called for a comprehensive review by the Bureau of Public Enterprises. This review was to cover the cases of 31 undertakings referred to in para 3.32 of the Report, who did not disclose the plinth area occupied. There is no evidence in the reply of the government of such a review having been undertaken. The Committee feel that the review suggested is necessary and be undertaken so as to effect economy, wherever possible.

14. The Committee note the view of the government that in a place like Bombay, it cannot be considered a luxury or extravagance if a reasonable flat in a fairly central locality is hired with a sum of Rs. 2500 to Rs. 3000 per month. They also note that it has become impossible to find reasonable flats within the stipulated 45 per cent of the salary in metropolitan cities like Bombay and Delhi where disproportionately high rents prevail. That there should be no rigidity in regard to the monetary limits for hiring accommodation in such places was urged before the Committee this year, particularly by the representatives of the SCOPE. The Bureau of Public Enterprises, with whom the Committee had discussed the questions relating to overall performance of public undertakings had also inter-alia agreed with this view. Having regard to all this, the Committee suggest that there could be flexibility given to the boards of respective enterprises to relax the limits, where warranted, in respect of board level executives occupying key positions, provided the plinth area of the accommodation is not in excess of prescribed limit.

C. Company Servants.

Recommendation (Sl. No. 20, paragraph 6.18)

15. The Committee considered that payment of Rs. 225/- per month to each executive of Air India for the expenditure on personal servants in as many as eight cases was a relic of the past and had absolutely no justification in the present situation when Air India had ceased to be a private property but is a national under-

taking. The Committee, therefore, required that the top executives of Air India who were already well paid, should be asked to fend themselves and the facility withdrawn without any loss of time.

16. In reply the Government have stated that the executives of Air India who are paid Rs. 225/- per month as expenses for keeping a servant in the house have extremely onerous duties. They have to be on call all the time. Almost all of Air India's flights abroad operate when it is night time in India. Therefore, many telephone calls and telex messages that are received from abroad are received at night and a lot of these messages are received in the houses of these executives. It is essential, therefore, that there should be an attendant who will receive these calls and messages and transmit them to the officer concerned wherever he may be. Some of these messages are of a serious nature and require attention immediately. Any inadequate system of receiving these messages could cause considerable confusion at the operational level. In addition to the above, the senior executives do require domestic help for their regular entertainment that they have to offer to their foreign and Indian clients.

17. It is difficult to accept that personal servants are capable of performing secretarial duties of receiving and transmitting telephone calls and other messages. The Committee are not convinced of the necessity to continue the existing practice of allowing certain executives of Air India to get payment of Rs. 225/- per month for expenditure on personal servants. The then Chairman, Air India, did not seem to defend this practice and it is worth recalling that he did not take any payment for his personal servant. Having regard to the principle involved, the Committee are constrained to reiterate that the practice should go, whatever may have been the justification in the past.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendations (Serial Nos. 1, 2, 3, 4 and 5)

The Committee desired, as a part of their review of the various aspects of the working of Public Undertakings to examine the social and financial implications of perquisites enjoyed by the Executives of the Undertakings. In this connection they had called for relevant information through the Bureau of Public Enterprises. Their examination has been to a large extent frustrated because of the incompleteness of the information furnished which betrays an element of reluctance. It was not too much to expect of the Bureau of Public Enterprises, in the first instance, to inform the Public Undertakings, what in their view constituted "perquisites" and thereafter ensure submission of complete information by them. The Committee cannot therefore but take exception to the manner in which the questionnaire issued by them was handled by the Bureau. The Bureau owes it to the Committee to explain the lapse in this regard.

(Paragraph 2.6)

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

(Paragraph 2.7)

The Committee are distressed to find that 76 Undertakings have not indicated clearly their expenditure on perquisites provided to their Chief Executives. The Committee cannot but consider it a

deliberate act on the part of these public undertakings to withhold information from the Committee. The Committee wish to stress that expenditure on perquisites should be capable of being identified distinctly. The effort to suppress the information, whatever the reasons should be condemned and censured.

(Paragraph 2.8)

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

(Paragraph 2.9)

The expenditure relating to the Chairman of the Indian Oil Corporation Ltd., was as high as Rs. 39,372 for the year 1976-77. Similarly, the expenditure on the Managing Director of the Hotel Corporation of India Ltd., and on the Chairman-cum-Managing Director of the India Tourism Development Corporation Ltd., was Rs. 31,494 and 34,200 respectively.

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

(Paragraph 2.10 & 1.11)

Reply of Government

It is submitted that the questionnaire calling for information from the public enterprises on various aspects of Management for purposes of undertakings horizontal studies including the terms and conditions of appointment of the Chairman/Managing Director/Directors on full-time/part-time basis, their monthly salary, commission, emoluments, remuneration and other amounts, as also the annual expendi-

ture incurred by the public enterprises in providing perks to them was formulated by the Committee on Public Undertakings Secretariat. It would have been inappropriate for the Bureau to amplify or modify the questionnaire. It was desired by COPU Secretariat that the information as per the questionnaire should be collected most expeditiously and transmitted to COPU Secretariat on or before the 23rd January, 1978 thus leaving barely four weeks for completing the work. The time allotted to the Ministry for transmission of the questionnaire, giving clarifications on points raised by public enterprises, verification of the information submitted and transmission of the data received from them was grossly inadequate in as much as more than 170 enterprises were to be addressed. Considering the magnitude of the task, the Bureau showed no reluctance nor was there any lapse on the part of the Bureau.

Chief Executives or Managing Directors of Public Enterprises, whether in the Statutory Corporations or in Enterprises established under the Companies Act, are governed by normal sets of terms and conditions. These *inter-alia* include the benefits as Company's contribution towards CPF, medical benefit for self and family, LTC and earned leave and housing accommodation. Gratuity is also payable to these Executives at the time of superannuation or retirement in accordance with the approved gratuity funds. The above facilities are available to all the employees of enterprises irrespective of their rank and status. The Central Government employees are also entitled to the above listed facilities. In the interest of efficient and expeditious work, Chief Executive, of the public enterprises are, however, allowed the additional benefit of chauffeur driven car against recovery of a stipulated sum. The accommodation hired for his residence, or allotted for residential purposes out of the flats owned or constructed by the enterprises is also generally in accordance with norms evolved by the Government. In enterprises like Coal India, BCCL, BPC, etc. the residential accommodation provided is slightly liberal due to historical reasons.

The observations of the Committee have been brought to the notice of the Public Enterprises. Of the 28 Enterprises who had earlier reported 'NIL' information on perquisites, three enterprises namely M/s. Film Finance Corporation, Hydro-carbons of India Ltd., Indian Motion Pictures, Export Corporation Ltd., have confirmed that they did not incur any expenditure towards salary, allowance/perquisites of their Chief Executives. The part-time Chairman were looking after their organisations on honorary basis. The details of expenditure furnished by the remaining 25 enterprises have been

examined and it is noted that the perquisites given by them are within reasonable limits. These enterprises have, however, regretted that they could not furnish the information earlier due to inadvertence or misinterpretation of the questionnaire.

The expenditure incurred by the 76 Enterprises on perquisites, which had not clearly indicated the details of expenditure item-wise, have also been examined. Expenditure on items like housing, conveyance, personal accident insurance normally considered as perquisites was within reasonable limits. Apart from this it may be stated that even in 69 enterprises, expenditure on these items has been found to be quite within reasonable limits if expenditure on normal facilities such as Gratuity, Leave is taken out.

The Annual Reports and Accounts of each individual enterprise indicate the expenditure incurred by them towards remuneration of the Chief Executives and other Members of the Board. Copies of these Annual Reports are placed before Parliament by the administrative Ministries every year.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-I), dated 24th December, 1980].

Comments of the Committee

[Please see Paragraph 8 of Chapter I]

Recommendation (Sl. No. 6)

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

(Paragraph 3.9).

Reply of Government

The observations made by the Committee with regard to furnishing of details of expenditure incurred by the Public Enterprises towards rents for accommodation hired/owned for the Chief Executives have been brought to the notice of the concerned 39 undertakings. From the data furnished by the concerned enterprises, it is noted that no expenditure was incurred by Indian Motion Pictures Export Corporation Ltd., Indian Railway Construction Co. Ltd., Central Cottage Industries Ltd., Coal India Ltd., Air India Charters Ltd., Indian Oil Blending Ltd., HMT (International) Ltd., and the Hydro-Carbons Ltd. during the period under reference towards rent for the accommodation provided to the executive particularly because no Chief Executive has been exclusively appointed in the first enterprises whereas in other enterprises the Chief Executives were working in the honorary capacity. The TFA had started their operations in March, 1977 only. Their pay and allowances were being drawn from the parent company. In remaining enterprises, the expenditure towards provision of accommodation was by and large well within the limits and recovery @ 10 per cent or the standard rent whichever is lower was being made whatever residence had been provided by the enterprises. Wherever it was not possible for the enterprise to provide accommodation to their employees, HRA was paid in accordance with guidelines notified by BPE.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3 (7) /79-BPE (GM-I), dated 24th December, 1980].

Recommendation (Sl. No. 7)

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

(Paragraph 3.10)

Reply of Government

M/s. Hindustan Machine Tools Ltd. have now informed that the figures relating to payment of house rent allowance of Rs. 400/- p.m. to the then Chairman & Managing Director had been indicated by them on p. 7 of their replies to the Questionnaires sent earlier by them to the Lok Sabha Sectt. Although, this information had not been indicated with particular reference to the Question No. 9 of the said Questionnaire, the HRA paid, however, was at the rate of 15 per cent of the minimum of the grade subject to a ceiling of Rs. 400/- p.m. as applicable to the employees of the Co. who had not been provided with the Company's own accommodation/Company's leased accommodation. With effect from 1st September, 1977, the HRA payable to the employees stationed at B1 and B2 cities has been revised to 15 per cent of basic pay drawn (instead of 15 per cent of the minimum of the grade) subject to a maximum of Rs. 400/- p.m.

Bharat Electronics Ltd. have informed that no accommodation had been hired by them for their CMD and hence no rent was paid. The CMD is, however, paid HRA at the rate of 15 per cent of the basic pay subject to a ceiling of Rs. 400/- p.m.

The Agricultural Refinance and Development Corporation have stated that in terms of Sec. 10(g) of the ARDC Act, 1963, the Managing Director of ARDC is being appointed by the RBI in consultation with the Board of ARDC. The present incumbent, who is an executive, having the rank equivalent to that of an Executive Director in the RBI and is eligible for the same allowance as are admissible to the similar categories of employees of the RBI. In terms of the conditions of service of MD as spelt out in paragraph 2 of Appendix III of the RBI Staff Regulations, 1948 the MD of ARDC is entitled to draw HRA at the rate of Rs. 300/- p.m. irrespective of the fact that he stays in his own flat.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-1), dated 24th December, 1980].

Recommendation (Sl. Nos. 8 & 9)

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

(Paragraph 3.27)

"The Committee further note that in the case of 5 undertakings mentioned in para 2.14, although it has been stated that rent is recovered as per rules, the rate of recovery has curiously not been disclosed. The Committee would like the Bureau of Public Enterprises to ensure that in these cases the recovery of rent has been as per the guidelines issued. In the case of Bharat Coking Coal Ltd., the recovery is stated to be made at the rate of 5 per cent. The Committee would like to know why the rate of recovery is so low in this case."

(Paragraph 3.28)

Reply of Government

The relevant information from the 23 undertakings mentioned in para 3.11 and 5 undertakings in para 3.14 of the CPU's Report has been obtained. It is noted therefrom that the rate of recovery towards rent from the executives of the public enterprises is 10 per cent or standard rent whichever is less. In companies like Bharat Coking Coal Ltd. where the facility of free housing accommodations was being extended to the Chief Executives in the pre-nationalisation period, recovery towards rent at the rate of 5 per cent or more has been introduced as a measure of rationalisation. For the accommodation leased out in metropolitan cities, the rate of recovery is 10 per cent of the pay or standard rent whichever is less.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-I), dated 24th December, 1980].

Recommendations (Sl. Nos. 10 & 11)

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

(Paragraph 3.29)

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

(Paragraph 3.30)

Reply of Government

Guidelines with regard to the HRA payable to the executives of the public enterprises as also hiring accommodation for allotment to the executives of public enterprises are contained in the BPE's O.M. dated 6-9-68. The scales of accommodation to be constructed in new townships for various categories of the executives in the public enterprises have also been indicated by the Government. Although every effort is made to conform to the parameters laid down therein while hiring accommodation for the executives of the public enterprises, the steep rise in the rentals in the metropolitan cities and other adjoining areas during the last few years have necessitated relaxation of the norms in some cases. Specific approval of the Govt. is required to be obtained by the enterprises while hiring accommodation for the Chief Executives and other members of the Board depending on the merits of the case.

The norms for accommodation are designed to achieve a balance between requirements to conduct business efficiently and the need to avoid lavishness or ostentation.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 14)

The Committee are concerned to note that 11 undertakings mentioned in para 4.2 have incurred expenditure of Rs. 0.54 lakh, Rs. 0.55 lakh and Rs. 3.50 lakhs during the year 1974-75, 1975-76 and 1976-77

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

(Paragraph 4.5)

Reply of Government

The observations of the Committee have been brought to the notice of the concerned 11 enterprises. The replies furnished by them in this regard have been examined in the Bureau. It is noted therefrom that the enterprises could not give correct information in respect of the expenditure incurred on the interior decoration on the residences of their executives because of some mis-understanding as to which items were to be included in working out expenditure on interior decoration. In some cases, enterprises had included expenditure on painting, white-washing and even repairs under this head. The concerned officials have, however, been advised by the enterprises to be careful in furnishing information to the CoPU.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3 (7) /79-
BPE (GM-I), dated 24th December, 1980.]

Recommendation (Sl. No. 26)

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

a fantastic amount indeed considering the low per capita income in the country in general and the perquisites available to other public sector executives and Government servants of similar status in particular. (Paragraph 6.3)

Reply of Government

In this recommendation, CoPU have highlighted the total money spent by Air India between 1974—78 on 66 of its executives drawing Rs. 2000 and above.

CoPU have also stated that this expenditure is an under estimate as it does not include leave travel concessions, telephone, club membership, etc.

Most of the expenditure that the CoPU have highlighted pertains to housing and car transport etc. provided to the Air India executives. In regard to both these items, CoPU have made some specific comments in paragraphs 6.15 & 6.16 and 6.28 to 6.30 which have been accordingly dealt with in these paragraphs.

As far as leave travel concession is concerned, it may be mentioned that this concession is given as per IATA Resolution No. 209 and all members of IATA provide these facilities to their staff. This is more or less on the same lines as free travel facilities provided by the Indian Railways to its employees, only that such facility, given by the Railways is entirely restricted to travel within India and restricted to only the immediate family. However, Air India are being advised to restrict this facility to "Family" as per LTC Rules of Government.

As regards the telephone facilities mentioned by CoPU, it is clarified that telephones provided to officers of Air India are necessary to enable them to carry out their official duties. Air India have not extended this facility to more officers than is necessary. Any reduction in this facility would be detrimental to its operational and official services.

As far as the club membership by Air India officers is concerned, it is felt that it is necessary for some senior Air India officers to be members of some leading clubs. This would help to further the commercial interests of the Corporation.

Further Air India have issued instructions in April, 1979, effected April, 1980, that club membership will be permitted to the entitled officers for not more than two clubs at the Corporation's expenses. This ceiling on club membership appears to be reasonable. How-

ever, the Corporation is being asked to indicate the expenditure on club membership fee as part of the entertainment expenses, eligible for reimbursement and for which there will be a provision in the budget of the corporation.

[Ministry of Finance, Bureau of Public Enterprises O.M. No 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 17)

The Committee observe that the expenditure on perquisites enjoyed by a former Commercial Director (Shri N. H. Dastur), was of the order of Rs. 81,905 in 1975-76, Rs. 89,111 in 1976-77 and Rs. 91,796 in 1977-78. A former Managing Director (Shri K. K. Unni) outstripped him by spending as much as Rs. 88,772 in 1975-76, Rs. 92,817 in 1976-77 and Rs. 24,910 during the period of four months prior to his retirement in July, 1977. Among the present executives, the Managing Director (Shri K. K. Appuswamy) and the Commercial Director (Shri I. D. Sethi) have each incurred an expenditure of over Rs. 72,000 during 1977-78. (Paragraphs 6.4 & 6.5)

Reply of Government

The break-up of the expenditure on the 4 officers is annexed herewith (Appendix I). It will be seen that most of the expenditure was on house rent and cars. As far as expenditure on house rent is concerned, it is important to bear in mind the housing situation in Bombay which is extremely difficult. To get a reasonable flat in a fairly central locality within a sum of Rs. 2500 to Rs. 3000 p.m. cannot be considered a luxury or extravagance. In case of Shri Sethi the expenditure on house consisted on depreciation, municipal taxes and interest on investment of the flat as the flat was owned by the Corporation. As for expenditure on house rent for the top executives of the Corporation, the Corporation is being asked to justify wherever necessary the reasons for exceeding the rent ceiling prescribed by the BPE so that such excess expenditure is subject to Government's approval in future.

An amount ranging between Rs. 2500 to Rs. 4000 p.m. as shown as expenditure on car depicts a rather distorted picture. The actual expenditure on POL works out to about 30 per cent of the total expenditure and the rest accounts for depreciation, repairs, road-tax, insurance, emoluments of drivers and the like. As part of the top management, these officers had to travel frequently within Bombay to maintain contacts at appropriate levels with Industry, Trade and the Government. The Commercial Directors had also to

remain in touch with the market in order to ensure that the need for Air India is felt by the major travel centres. In any case, the Corporation did recover Rs. 100 p.m. from these officers for the non-duty runs. It has been decided to ask Air India to follow the BPE guidelines as has been mentioned in the reply to Sl. No. 19).

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 18)

The Committee find that the expenditure of Rs. 3.55 lakhs was incurred by 41 executives of Air India on personal entertainment in hotels|clubs|residences etc. in 1977-78. A former Commercial Director (Shri N. H. Dastur) tops the list with a total expenditure of Rs. 83,642 (Rs. 6000 out of the fixed ceiling plus Rs. 77,642 through bills|vouchers) during 1977-78 which worked out to an astounding rate of Rs. 7000 p.m. (Paragraph 6.10)

Reply of Government

The expenditure of Rs. 3.55 lakhs incurred on entertainment consists of Rs. 1.08 lakhs towards reimbursement of expenditure on personal entertainment (within the permissible limits of each executive) and Rs. 2.47 lakhs as expenditure settled through bills|vouchers for entertainment at hotels, clubs and residences.

International Air Travel business is a highly competitive business and taking recourse to entertainment as a mean to promote sales is an accepted norm amongst the airlines of the world. Therefore, the expenditure on entertainment should not be viewed in isolation from the nature of the Corporation's work. It is somewhat unfortunate that the entire expenditure of Rs. 77,000 has been shown against Shri Dastur. It is understood that on several occasions Shri Dastur himself was not present and one of his deputies has been commissioned to entertain on his behalf. As a result of the prevailing accounting system, even such expenditure was being booked against the name of the individual, in this case, Shri Dastur.

However, Air India is being asked to confine its entertainment expenditure within the norms already laid down by the Government unless these norms are amended specifically in relation to Air India's needs. The Corporation is also being asked to institute a proper administrative and accounting control over its entertainment and reduce it wherever possible.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 19)

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

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

Reply of Government

The conclusion of the Committee that out of the 40 officers, 19 officers have been given the facility of car for their personal use in a direct manner and 21 in an indirect manner is accepted. It is also accepted that this facility can be curtailed to a considerable extent, without impairing the efficiency of the Corpn. Air India is being advised accordingly. Air India is also being advised to replace the present system of charging officers for private use of vehicles by the system provided in the BPE guidelines.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 21)

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

Reply of Government

The Committee's recommendations that the Practice of Air India meeting the electricity bills of their senior departmental Heads should be stopped forthwith is accepted. Air India will be suitably advised.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-I), dated 24th December, 1980].

Recommendation (Sl. No. 23)

The Committee are indeed amazed to note that furniture of the value of as much as Rs. 4.73 lakhs has been made available to 28 top executives of Air India, three of whom have furniture worth more than Rs. 50,000/- at their residences (in one case, it is as high as Rs. 56,000). The recovery being only of the order of 2½ per cent of the emoluments counting for provident fund, it is clear that the officers concerned are enjoying this facility on a scale unmatched in the public sector, not to speak of the highest executives in Government of India.

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

(Paragraph 6.33 & 6.34)

Reply of Government

The Committee's recommendations are generally accepted. Air India is being asked to review their system of providing furniture to their employees including the question of increasing their recovery rates.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 24)

The Committee desires that the full financial implications of the facility of free|concessional passage given to Air India employees should be worked out and shown in the Annual Reports for information of the public and the Parliament. Since the facility is available on a rather liberal scale, and is liable to be misused, as would

be evident from the particulars of cases mentioned in para 6.40 above, it is essential that Air India devise suitable inbuilt checks to ensure that it is not misused and economics enforced as far as possible. The Committee would be interested to know how these officers and their families maintain themselves during their vacation abroad with the meagre foreign exchange allowed to them.

(Paragraph 6.41)

Reply of Government

This has already been dealt with in para 6.3 on COPU's question, as to how these officers and their families maintain themselves during their vacations abroad, it may be mentioned that prior to the liberalisation of the foreign travel scheme during 1977-78, the staff passages were cleared by the Reserve Bank of India against sponsorship affidavits received from their relatives/colleagues abroad and the employees used to stay with their friends or relatives or their sponsors. After the liberalisation of foreign travel, such requirements are not necessary.

Incidentally, it is being suggested to Air India to consider restricting these facilities to the family as defined in the L.T.C. rules of Government

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3 (7)/79-BPE (GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 25)

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

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

(Paragraphs 6.44 & 6.45)

Reply of Government

In so far as the Committee's observations regarding Air India's liability in respect of one individual to the tune of Rs. 1.69 lakhs during the year 1977-78 are concerned, the same has already been dealt with in the reply to Sl. No. 17 & 18. As far as the Committee's recommendations for special audit of the expenditure on entertainment incurred by the top executives of Air India during 1975-76 to 1978-79, it is stated that the records of Air India have been examined on a test check basis by the Ministry and the Ministry is satisfied that there exists a fairly detailed control on entertainment expenditure. Such expenditure is continuously internally audited and is also subject to statutory audit by the Comptroller and Auditor General.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation Sl. No. 26)

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

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

Paragraphs 6.46 & 6.47)

Reply of Government

The COPU's observations have been noted. Air India is continually reviewing their establishment expenditure in all its aspects and are effecting economies wherever they can, in keeping with general policy of Government and also its own commercial interests.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 15)

As the meagre rates of recovery for the non-official use of car must have been fixed long back and since 1974 there has been enormous increase in the cost of petrol, oil and lubricants as also in the cost of cars these rates should be reviewed and enhanced suitably. Further, there cannot be any use of the cars for non-official purposes without payment of market rates. In this connection, the Committee recall a recommendation in paragraph 2.102 of their 9th Report presented to Lok Sabha on 26-4-1978 which has been accepted by the Government. Accordingly, exclusive use of cars by the Executives of the Public Undertakings should be stopped instead, suitable conveyance allowance should be given wherever absolutely essential. (Paragraph 5.11)

Reply of Government

The observations of the Committee have been examined in all its aspects. It is also noted that there has been enormous increase in the cost of petrol, oil and lubricants as also in the capital cost of cars. The operations of the public enterprises have increased manifold during the last two decades. The chief executives of these enterprises are required to devote much of their time to oversee the functioning of various departments under their control not only during office hours but also thereafter. The allotment of a staff car for the exclusive use to the chief executive for official/nonofficial purposes is considered as a basic minimum facility to enable him to discharge his liabilities and duties as a Chief Executive. The guidelines evolved by the Deptt. of Company Affairs also envisage allotment of staff cars for the exclusive use of the chief executives of the concerned enterprises for official as well as non-official purposes. It is noted that the withdrawal of the facility of the staff cars from the chief executive and other functional directors would not result in any commensurate benefit *vis-a-vis* the loss in production/sales turnover as a consequence of lack of close supervision over the operation of the Company.

Government, however, have issued instructions stressing the need for exercising utmost economy in the use of staff car and consumption of petrol due to high prices of petroleum products. It is also noted that with the changes in the Income Tax Act, since Feb., 1974 the rate of recovery fixed by the Government in Nov. 1964 for non-official use of the car @ Rs. 100/150 depending upon the size of the car for journeys not exceeding 500 kms. p.m. has become quite onerous in the case of chief executives and other executives who are allotted official cars because the value of the perks for a car whose horse power does not exceed 16 is now reckoned at Rs. 5400/- per annum, besides the standard deduction to the extent of Rs. 2500/-, is also not available to the concerned executive. Government, therefore, is of the view that there is no justification to increase the rate of recovery for non-official use of the car allotted to the Chief Executives.

Instruction have, also been issued that suitable conveyance allowance could be granted by enterprises to the officers otherwise not entitled to the exclusive use of a car where it is considered essential in the interest of work. They have also been advised to follow the rules relating to the use of staff cars in the Government in all other matters.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE(GM-I) dated 24th December, 1980]

Recommendation (Sl. No. 22)

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

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

The Committee find that in as many as 9 cases, the net liability of the Corporation exceeds Rs. 20,000 per annum in one case it is as high as Rs. 36,705 per annum, while in another case it is Rs. 32,400 per annum. The Committee fail to see why Air India should continue to incur an expenditure of Rs. 2000/- to Rs. 3000/- per month in providing accommodation to several of its executives in

utter violation of the guidelines issued by the Government. The Committee would like the matter to be reviewed at the highest level with a view to ensure that Air India do not continue to be saddled with such avoidable expenditure on lavish living by its executives. They require that the officers concerned should be asked to shift to less luxurious accommodation or else pay for the same. The action taken in the matter should be reported to them.

(Paragraphs 6.28—6.30).

Reply of Government

There are 18 officers in those cases rents are being paid in excess of the guidelines laid down by BPE. Of these, 6 cases pertain to Bombay, 7 to Delhi, 1 to Calcutta, 1 to Bangalore, 1 to Trivandrum, 1 to Hyderabad and 1 to Ahmedabad. Unfortunately, disproportionately high rents prevail in Bombay and Delhi. In these cities it is impossible to find reasonable flats within the stipulated 45 per cent of the salary. In fact, in Bombay, flats on rent are extremely difficult to come by anyway and if per chance there is one available the rent is prohibitive. In view of the very few cases involved and in view of the acute accommodation problem, the rents being paid in respect of these 18 officers do not seem abnormally high. The Committee's recommendations that the officers concerned should shift to some other accommodation would not really serve the purpose, for the new accommodation that may be hired would not only be less than the entitled carpet area but also more expensive. Moreover, in the continuing inflation, there does not seem any possibility of rents coming down for a long time to come. In this situation a possible solution may be for Air India to buy or construct flats in Bombay and Delhi. Air India is being asked to work out the financial implications of this proposal. In addition Air India is also being asked to justify wherever necessary, the reasons for exceeding the rent ceiling prescribed by the BPE so that such excess expenditure is subject to Government's approval in future.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-I), dated 24th December, 1980].

CHAPTER IV

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

Recommendations (Sl. Nos. 12 and 13)

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

(Paragraph 3.31)

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

(Paragraph 3.32)

Reply of Government

[Please see reply to Recommendation Nos. 10 and 11, Chapter II, page..14....]

Comments of the Committee

[Please see paragraphs 13 and 14 of Chapter I]

Recommendation (Sl. No. 20)

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

(Paragraph 6.18)

Reply of Government

The executives of Air India who are paid Rs. 225/- per month as expenses for keeping a servant in the house have extremely onerous duties. They have to be on call all the time. It is pertinent to point out that almost all of Air India's flights abroad operate when it is night time in India. Therefore, many telephone calls and telex messages that are received from abroad are received at night and a lot of these messages are received in the houses of these executives. It is essential, therefore, that there should be an attendant who will receive these calls and messages and transmit them to the officer concerned wherever he may be. Some of these messages are of a serious nature and require attention immediately. Any inadequate system of receiving these messages could cause considerable confusion at the operating level. In addition to the above, the senior executives do require domestic help for their regular entertainment that they have to offer to their foreign and Indian clients.

[Ministry of Finance, Bureau of Public Enterprises O.M. No. 3(7)/79-BPE (GM-I), dated 24th December, 1980].

Recommendation (Sl. No. 27)

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

APPENDIX—I

(Vide reply to Recommendation No. 17, Chapter II)

Statement showing break-up of expenditure on perquisites enjoyed by four officers of Air India

SHRI K. K. UNNI

Particulars	1975-76	1976-77	1977-78 (1-4-77 to 19-7-1977)
	Rs.	Rs.	Rs.
1. Maintenance of Car	45475	46630	9971
2. House Rent less recovery	30894	32403	1071 ⁰
3. Expenses on Furniture (10% of the original cost)	5038	5038	1679
4. Electricity charges reimbursed in excess of Rs. 50 p.m.	465	1246	
5. Salary of the personal peon	2700	2700	900
6. Reimbursement of expenditure on casual entertainment of official contacts at residence limited to	4200	4800	1650
TOTAL	88772	92817	24910

The floor area of the accommodation provided to Mr. K. K. Unni was approximately 2380 sq. ft. The expenditure on fuel for his car was approximately Rs. 9,000 during 1975-76 and 1976-77 and approximately Rs. 2,700 during 1977-78 (approx. four months). The expenditure on car given above, however, does not take into account the recovery of Rs. 1,800 during 1975-76 and 1976-77 and approximately Rs. 400 during 1977-78. This amount will have to be reduced from the total amount given above.

SHRI K. G. APPUSWAMY

Particulars	1975-76	1976-77	1977-78
1. Maintenance of Car	Rs. 28965	Rs. 29914	Rs. 33000
2. House Rent less recovery			23805 (June 78- Mar, 79)
3. Expenses on Furniture (10% of the original cost)			5980 (June 78- Mar. 79)
4 - Electricity Charges reimbursed in excess of Rs. 50/ p.m.	506	553	566
5. Salary of the personal peon.	2700	2700	2700
6. Reimbursement of expenditure on casual entertainment of official contacts at residence limited to	4200	6400	6600
TOTAL:	36371	39567	72651

The floor area of the accommodation provided to Mr. Appuswamy from June 1978 to January 1979 was approximately 2380 sq. ft., and the area of the flat occupied by him from February, 1979 to March, 1979 was approximately 2096 sq. ft. He was not provided with any house during the earlier two years. The expenditure on fuel for his car during 1976-77 and 1977-78 was approximately Rs. 8,000 and in 1978-79 was approximately Rs. 8,600. The expenditure on car given above does not take into account the recovery of Rs. 1200 from Mr. Appuswamy's salary during each of the three years. This amount should be reduced from the total expenditure given above.

SHRI N. H. DASTUR

Particulars	1975-76	1976-77	1977-78
1	3	4	5
	Rs.	Rs.	Rs.
1. Maintenance of Car	45475	46630	47515
2. House Rent less recovery -	27288	32964	32964

1	2	3	4	5
		Rs.	Rs.	Rs.
3.	Expenses on furniture (10% of the original cost)	2617	2617	2617
4.	Electricity Charges reimbursed in excess of Rs. 50/-p.m.	225	..	
5.	Salary of the personal peon	2700	2700	2700
6.	Reimbursement of expenditure on casual entertainment of official contacts at residence limited to	3600	4200	6000
TOTAL:		81905	98111	91796

The floor area of the accommodation provided to Shri N. H. Dastur was approximately 1730 sq. ft. The expenditure on fuel for his car was approximately Rs. 9000 during 1975-76, 1976-77 and 1977-78. The expenditure on maintenance of car given above does not take into account the recovery of Rs. 1800 per annum from Shri Dastur. This should be reduced from the total expenditure given above.

SHRI I. D. SETHI

Particulars	1976-77	1977-78	1978-79
	Rs.	Rs.	Rs.
1. Maintenance of Car	28965	29911	33000
2. Depreciation, Municipal Taxes and interest on investment of the flat (owned by the Corporation) occupied by Shri Sethi less recovery.	28331	27599	27902
3. Expenses on Furniture (10% of the original cost)	2616	2616	2616
4. Electricity charges reimbursed in excess of Rs. 50/p.m.		885	817
5. Salary of the personal peon			2700
6. Reimbursement of expenditure on casual entertainment of official contacts at residence limited to	2400	5400	5600
TOTAL:	62312	66414	72685

The floor area of Shri Sethi's residence is 2000 sq. ft. The expenditure on fuel for his car during 1976-77 and 1977-78 was approximately Rs. 8000 per month and approximately Rs. 8000 during 1978-79. The expenditure on car given above does not take into account the recovery of Rs. 1200 per month from his salary. This should, therefore, be reduced from the total expenditure given above.

APPENDIX II

(*Vide* para 3 of Introduction)

Analysis of action taken by Government on the recommendations contained in the Forty-second Report of the Committee on Public undertakings (Sixth Lok Sabha).

I.	Total number of recommendations made	27
II.	Recommendations that have been accepted by Government (<i>Vide</i> recommendations at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, 18, 19, 21, 23, 24, 25, & 26).	21
	Percentage to total	78%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendations at Sl. Nos. 15 & 22)	2
	Percentage to total	7%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> recommendations at Sl. Nos. 12, 13, 20 and 27).	4
	Percentage to total	15%
V.	Recommendations in respect of which final replies of Government are still awaited.	NIL