

FIFTY-SECOND REPORT
PUBLIC ACCOUNTS COMMITTEE
(1986-87)

(EIGHTH LOK SABHA)

- (I) PURCHASE OF RESIDENTIAL BUILDING
AT SAN FRANCISCO
- (II) AVOIDABLE EXPENDITURE—PURCHASE
AND REPAIR OF BUILDING IN DUBLIN

MINISTRY OF EXTERNAL AFFAIRS



सत्यमेव जयते

Presented in Lok Sabha on 25 July 1986
Laid in Rajya Sabha on 25 July 1986

LOK SABHA SECRETARIAT
NEW DELHI

July, 1986/Asadha, 1908 (Saka)

Price : Rs. 2.10

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PART II*

Minutes of the sittings of the Committee held on

7-1-1986

28-1-1986

11-7-1986

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

PUBLIC ACCOUNTS COMMITTEE

(1986-87)

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1. Shri N. N. Mehra—*Joint Secretary.*
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3. Shri Brahmanand—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-Second Report on (i) Paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Civil) on Purchase of Residential Building at San Francisco; and (ii) Paragraph 14 of the Report of the Comptroller and Auditor General of India for the year 1983-84, Union Government (Civil) on Avoidable Expenditure—Purchase and Repair of Building in Dublin.

2. The Reports of the C&AG of India for the year 1982-83 and 1983-84, Union Government (Civil) were laid on the Table of the House on 16 April, 1984 and 16 May, 1985, respectively.

3. The Committee's examination of the two cases of acquisition of properties for residences etc. by our Missions abroad has brought out a rigid and unrealistic approach on the part of the Ministries of External Affairs and Finance in evaluating properties, leading to delay in taking decisions which resulted in avoidable extra expenditure.

4. In the case of purchase of a residential building for the Indian Consul General at San Francisco, the original proposal was made by the Consul General in January, 1978 for purchasing a building for \$2,75,000. But that attractive offer was lost owing to the rigid formula laid down for working out the economic cost and the Government ended up in purchasing a comparatively older building in May 1982 for \$7,50,000. This resulted in an unnecessary expenditure to the tune of Rs. 50 lakhs (including Rs. 6 lakhs paid as rent for the existing residence during the intervening period).

5. In the second case of purchase of a residential building for the Indian Ambassador at Dublin, while the proposal made by the Mission in November, 1977 for £80 to 90 thousand could not be finalised, the purchase was made in October 1978 for £1.25 lakhs, resulting in additional avoidable expenditure of Rs. 7.10 lakhs for a building with lesser plinth area.

6. The Committee have concluded that a rather rigid and routine approach had been followed in application of procedures and guidelines for dealing with purchase of properties for our Missions abroad.

The Committee feel that property situation being rather volatile, a more pragmatic approach needs to be followed. The Committee desire that the policies and procedures laid down in this regard should be reviewed to meet the situation adequately and squarely.

7. The Committee are also unhappy at the casual handling of the job relating to extension of the dining room of the Ambassador's residence at Dublin in the Ministry as well as in the Mission, resulting in avoidable extra expenditure. The Committee have desired that the Government should review and streamline the procedures involved in undertaking repairs etc., in the buildings owned by our Missions to ensure time bound disposal of repair proposals of the Missions abroad besides delegation of adequate financial powers befitting the rank of the head of the Mission for taking up jobs involving reasonable amounts at their own levels without prior approval of the Government. The Committee have, however, stressed at the same time a more strict compliance of procedures, such as selection of the builders by means of issuing tenders etc., entering into formal contracts and obtaining structural soundness reports in the interests of the best use of the available resources.

8. The Committee consider the acquisition of immovable property for housing offices and officers to be very meagre keeping in view the large number of missions abroad. Of this meagre acquisition also, there is no perspective plan for constructing buildings on the plots acquired a decade ago. The Committee have recommended that a perspective plan for construction on buildings on these plots should be drawn out immediately and funds provided to ensure that the rental outgo, which is increasing year after year, is reduced to the barest minimum. Acquisition of plots and immovable properties should be based on a pragmatic plan.

9. The Public Accounts Committee (1985-86) examined the Audit paragraphs at their sittings held on 7 and 28 January, 1986.

10. The Committee (1986-87) considered and finalised this Report at their sitting held on 11 July, 1986, based on the evidence already taken and written information furnished by the Ministry of External Affairs. The Minutes of the sittings form Part II* of the Report.

11. 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 III to the Report.

*Not printed. One cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library.

12. The Committee place on record their appreciation of the commendable work done by the Public Accounts Committee (1985-86) in taking evidence and obtaining information for the Report.

13. The Committee would like to express their thanks to the officers of the Ministry of External Affairs for the cooperation extended by them in giving information to the Committee.

14. The Committee also 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,

21 July, 1986

30 Asadha, 1908 (S)

E. AYYAPU REDDY,

Chairman,

Public Accounts Committee.

REPORT

A. *Purchase of residential building at San Francisco*

The Audit Paragraph* has brought out that the residence leased for the Indian Consul General at San Francisco was not being satisfactorily maintained by the land-lord. He was also not agreeable to extend the lease. A proposal for purchase of a residential building at a cost of \$2,85,000 for the Consul General was, therefore, made in January 1977 to the Ministry of External Affairs. This did not materialise and another proposal for purchasing a house (year of construction: 1951) for \$ 2,75,000 was sent to the Ministry in January 1978. The purchase was strongly recommended by India's Ambassador in Washington in view of the location of the house, state of maintenance and the possibility of appreciation in the value of the house in course of time. The proposal was turned down by the Ministry (February 1978) on the ground that it was uneconomic. According to Government the economic cost was assessed between \$1,25,000 and \$1,60,000. The instructions of the Ministry regarding calculating the economic cost for purchase of property were circulated in May 1978. The Consulate pointed out in February 1979 that the rent paid for the Consul General's house was unrealistically low as no alternative accommodation was available at the rent. The working of the economic cost on the basis of such rent paid would, therefore, be unrealistic. The Consulate considered that a reasonable estimate for purchase price would be \$3,00,000.

2. In August 1979, the Consulate proposed of a house for \$4,50,000 but was advised by the Ministry (September 1979) to locate a house within a maximum ceiling of \$3,00,000. The ceiling was considered impracticable by the Consulate. They pointed out that the Consul General's residence, which was offered (March 1976) by the previous owner to the Government of India for \$1,50,000 prior to its sale to the present owner, was estimated to cost about \$4,50,000. The Consulate sought (September 1979) a ceiling of \$4,50,000 for purchase of a house. The Ministry raised the ceiling to \$4,25,000 in March 1980.

*See Appendix I.

3. Two more attempts (April-May 1980) by the Consulate to purchase fell through even after offering prices ranging between \$4,50,000 and \$4,60,000, as the houses were bought for higher amounts by other parties. In May 1980, the Consulate sought the Ministry's approval for purchase of another house available for \$6,50,000 with surplus land measuring 6,000 sq. ft. attached to it which could be sold for \$1,00,000 to \$1,25,000. The Ministry approved the purchase, if the price could be settled at \$6,00,000 and directed a team of officers to finalise the deal. As the owner was not willing to accept a price below \$6,25,000 fresh clearance was sought from the Ministry who enquired whether an immediate buyer for the surplus land would be found. On being informed by the Consulate that an immediate buyer could not be guaranteed, the Ministry turned down (September 1980) the proposal. The ceiling was raised to \$5,50,000 in December 1981, and again between \$5,50,000 and \$7,50,000 in March 1982. A house (year of construction: 1927) was finally bought for \$7,50,000 in May 1982, although the economic cost worked out to only 2,40,000.

4. The Audit Para brings out further that—

“As early as in May 1976, the high rentals in San Francisco area were brought to the notice of the Ministry. The Consulate has also informed the Ministry in August 1979 that real estate value in San Francisco had increased by about 30 per cent in one year. On account of rigid adherence to a formula and an inadequate appreciation of local factors, Government had lost an attractive offer in January 1978 for purchase of a comparatively new house for \$2,75,000 and ended up by purchasing an older house (constructed in 1927) for \$7,50,000 resulting in an extra expenditure of \$4,75,000 (Rs. 44.17 lakhs). The rent paid during the period from February 1978 to May 1982 was \$71,837 (Rs. 6.11 lakhs).”

5. Asked if the Ministry of External Affairs had taken this aspect of High rentals into consideration while turning down the proposal of Consul General made in January, 1978 on the ground that it was uneconomic, the Ministry of External Affairs confirmed that it did take the aspect of high rentals into consideration and recommended the proposal to the Ministry of Finance for approval. ‘However, that Ministry did not consider it economically viable and turned it down’.

6. Again when enquired whether the Ministry were aware that the rent of \$1300 per month being paid for Consul General's residence was unrealistically low and whether any efforts were made to ascertain the market rents for applying the formula, the Ministry of External Affairs replied:

"Yes. The Ministry was aware that the rent of US \$1300 per month was unrealistically low. In fact, the Consul General had informed the Ministry the on going market rents. However, our efforts to get the proposal approved by the Ministry of Finance did not succeed."

7. As already seen, a proposal for purchase of a building for \$2,75,000 which was strongly recommended by the Indian Ambassador at Washington, the view of the location of the house, the state of maintenance and the possibility of appreciation in the value of the house in course of time, was turned down being uneconomic. Government had assessed the economic cost of the property between \$1,25,000 and \$1,60,000. When enquired whether there were any prospects of buying a house for \$1,60,000 as suggested by the Ministry, the Ministry of External Affairs have in a note stated as follows:—

"This Ministry had worked out economic cost as US \$2,70,000 in January, 1978 on the basis of market rental of US \$18,000 per annum. The Financial authorities, however, fixed the ceiling as US \$1,60,000. There was no prospect of buying a suitable house for this price in an appropriate area."

8. The Committee enquired about the particular formula that was being followed by the Ministry of External Affairs in 1978 in arriving at the economic cost and whether that was realistic. The Ministry have stated in a note as follows:

"There was no fixed formula as such but only some guidelines were being followed. The concept was whether buying the property would be more economic than investing the amount so as to get a return in some other way. The guideline was that 20 per cent (on account of maintenance costs) was deducted from the annual rent and the resulting figure capitalised at 8 per cent. After arriving at the capitalised figure, we had to consider inflation which

would send up the value of the property, but perhaps not of the cash invested in some other way; increase in rents on the one hand and of maintenance costs on the other, both of which are generally linked to the rate of inflation as also the age of the building which will determine how much life it had left and therefore at what rate depreciation should be applied”.

9. It is to be noted that in March 1982 the Ministry of External Affairs sanctioned \$ 7,50,000 for the house acquired by the Mission in 1982 even though the economic cost worked out (according to the Audit Para) only to \$ 2,40,000. The Committee enquired how this deal was considered reasonable and what was the basis for this decision. The Ministry of External Affairs have, in a note, stated that although the economic cost of purchasing a house for Consul General's residence was worked out by the Ministry at US \$6,40,00 on 30-6-81, the Ministry of Finance, however, fixed the ceiling for the purchase at US \$ 5,50,000 on 3-7-81.

10. The Ministry have stated that “as no house could be purchased at this ceiling, the Property Purchase Team recommended a ceiling of US \$ 7,50,000 keeping all the relevant factors in view. This recommendation was accepted by Secretary (Revenue) on 18.3.82 on the ground that no suitable house for the Consul General was likely to be available for rent for less than US \$ 5500 p.m. It may be mentioned that this price was within the price of US \$ 7,75,000 as assessed in the appraisal report of the property.”

11. The Consul General is an officer of grade III of the Indian Foreign Service in the Pay Scale of Rs. 2500—2750. The Committee have been informed that the plinth area for the residence of the Head of Post is usually approved around 500 sq. mts. The area of accommodation then rented for use by the Consul General was 1661.75 sq. ft. The constructed area of the house proposed to be purchased was stated to be 2100 sq. ft. and the present Government owned accommodation under occupation by the Consul General is said to have a built up area of 4595 sq. ft.

12. The Committee have further been informed that the residual life of property was estimated in 1982 as 55 years. The total expenditure incurred in repairs from 1982 to June 1985 is US \$ 9701.9.

B. Purchase of residential building for Indian Mission in Dublin

13. The Audit Paragraph* has brought out that at the instance of the Ministry of External Affairs the Indian Mission in Dublin sent in November 1977 a proposal for the purchase in auction at an estimated value between £ 80 to 90 thousand of a residential building (4000 square feet plinth area) which had been used as Embassy residence for about six years till 1974 in view of its vicinity to Chancery, its suitability for embassy residence and its location in diplomatic-cum-residential colony. The Ministry did not agree to the proposal owing to financial constraints during 1977-78. The building was sold away in auction for £ 1 lakh on 16th November, 1977.

14. The Mission continued to send proposals for purchase of other buildings indicating, *inter alia*, that the prices of properties were going up. The Ministry allowed in February 1978 the Ambassador to go upto £ 1 lakh in his negotiations for the purchase of a house.

15. In August 1978, it was decided to purchase some other building having built-up area of 2,933 square feet for use as Ambassador's residence. The purchase was finalised in October 1978 for £ 1.25 lakhs with the approval of Government. The value of this property had been assessed at £ 1 lakh by the architects.

16. The Mission also incurred £ 6250 (Rs. 0.98 lakhs) on rent for Embassy residence from 16-11-1977 to 13-10-1978 which could have been avoided had the building been purchased in November, 1977.

17. Thus failure to purchase the building proposed by the Mission in November 1977 resulted in additional avoidable expenditure of Rs. 7.10 lakhs (Rs. 2.61 lakhs for higher cost of building, Rs. 1.97 lakhs for repairs, Rs. 1.54 lakhs for cost of dining room and Rs. 0.98 lakh for rent of Embassy residence) in purchase of a building with a lesser plinth area.

18. The Ministry stated (October 1983) that the first proposal for purchase of property was received on 7th November 1977 and decision was needed by the Mission by 15th November 1977 and since there was no time to obtain the requisite reports, estimates etc., the Ministry did not have a complete proposal or definite offer before it which could form the basis of a valid decision and that the Integrated

*See Appendix II

Finance or the Ministry of Finance would not have agreed to the purchase of property about whose structural soundness or market value, necessary assessment were not available. It was further stated that as there were several other property purchase proposals under consideration which were likely to be approved, funds could not be earmarked for the Dublin property in November 1977.

19. It is, however, observed that against the Budget provision of Rs. 486 lakhs for construction and housing during 1977-78, an amount of Rs. 158.33 lakhs only was utilised during that year and there was no constraint of funds during that year for the purchase of building.

20. It is also to be noted that the proposed property had earlier been occupied by the Mission as Ambassador's residence for 6 years and the details of property and its conditions were very well known to the Ambassador and the Ministry.

21. In a note furnished to the Committee, the Ministry of External Affairs have added in this regard as follows:

“There was no certainty about the price, as the property was required to be purchased at an auction. Anyhow, the proposal was examined with promptitude in the Ministry and in the absence of availability of structural soundness report, the Ministry called for some information from the Mission about the year of construction of the building structural soundness and estimates of repair/renovations. The Mission replied that the building was constructed in 1868 and added that though it was known to be structurally sound but the final verdict could be given only after survey by a reputable firm of surveyors. It would be appreciated that in the absence of structural soundness report it would have been unwise to purchase the building particularly at an auction. On receipt of further proposal from the Mission, it was decided to purchase another building to house the embassy residence and the purchase was finalised in October 1978 for £ 1.25 lakhs. It may be mentioned that our Ambassador at Dublin was assisted in the negotiations for the purchase

of this building by two senior officers as follows from the HCI, London:

(1) Financial Advisor.

(2) First Secretary (P&M)

The team was engaged into active negotiations with the owner who finally agreed to sell the property for £ 1.25 lakhs as against £ 1.275 lakhs, which he had originally demanded. It may be relevant to mention here that the earlier Ambassador's assessment was that the owner may not come down any where below £ 1.27 lakhs. This position was explained by Additional Secretary (AD) to Secretary (Expenditure). The Financial Advisor (MEA) recommended the purchase, which was agreed to by Secretary (Exp.) on 2-9-1978. In view of this it would be observed that all efforts were made to purchase the property at the lowest possible price".

22. It was explained by the Secretary, Ministry of External Affairs during evidence that this proposal from the Indian Mission in Dublin was not in response to any specific offer in this regard, but a general circular had been issued by the Ministry in 1976 inviting such proposals.

23. It was pointed out during evidence that both with regard to Dublin and San Francisco a rigid and unrealistic approach had been followed by the Ministry resulting in patent loss. With regard to Dublin, it was pointed out that the plea taken was that of financial constraint and yet the funds were available and more than a crore of rupees were surrendered at the end of the year. The Secretary, Ministry of External Affairs explained as follows:—

".....the property for the residence of the Ambassador in Dublin, which was a rented property, was put up for auction. When the Ministry was informed about the auction, there were initially only three weeks available. When the proposal came, the budget provision of Rs. 2 crores had already been committed for various other proposals under consideration. The property situation being volatile, it was difficult to predict when it will become available and at what price and how quickly the deals will be finalised. The Government had also to satisfy itself about the suitability of a building its structural soundness, the economic cost, clean and legal title and the market

evaluation before it could finalise its own position. Hence, the funds which are earmarked for a particular property, may remain unutilised at a moment of time if the parameters do not fully meet our requirements. Therefore, though it may appear that funds were not available for a particular proposal at a particular point of time, funds might have to be surrendered at the end of financial year since some proposals could not be approved."

24. During evidence the Secretary, Ministry of External Affairs stated that the purchase of the Dublin building under consideration would not have been an economic proposal. He elaborated:

"From July, 1977, the Embassy was putting up in a rented house at a monthly rent of 460 pounds. The lease was to expire on 30th June, 1978. According to the indication the lease of the house would not have been renewed on expiry and an alternative accommodation would have cost 600 pounds per month. It was, therefore, felt that a purchase of a house at a cost of 76,000 pounds would be economical to the Government. The Embassy, on the other hand, had indicated that the proposed property may fetch between 80-90,000 pounds when it was put up for auction. The estimated cost was in excess of what was considered economical and besides, there was also no guarantee that we could clinch the deal in auction even at 90,000 pounds."

25. It was pointed out during evidence that when the proposal was sent by the Embassy at Dublin for purchase of building on 7th November asking for decision by 15th November there was no uncertainty about the Embassy purchasing it in auction and therefore a clearance could be given to the Embassy to purchase it if it was worthwhile and upto a specified limit. As regards structural soundness the Ministry could have relied on the Embassy's report as the person on the spot could be the best judge. The Secretary, External Affairs replied as follows:—

"One factor is there is much shortage of time. Unless we have adequate time we could not have been able to give them sound instructions. We may not be able to judge, sitting in Delhi, the question of structural soundness of the property. But, at the same time, it would be appreciated that the Embassy is also not in a position to tell us

about the structural soundness because this is a very highly technical matter and the Embassy is hardly qualified, unless they hire a team of engineers of architects to say it."

The Secretary added:—

"The difficulty comes because it is a matter of exercising one's judgement. It is true that the man on the spot is the best judge provided he is also qualified to pronounce upon matters which are not in this normal range of activity, that is buildings, soundness, their foundations, their life and various other things. If we give him instructions which were not carefully thought out, it could have led to infructuous use of public funds. Therefore, we thought that it was better first to call for this structural soundness report and then give him the necessary instructions... in some cases, the structural reports are available. For instance, in our High Commission in London, we have an engineer to do that. He talks to us on the telephone also. So, we are able to take a decision quickly."

26. When pointed out that the structural report was duly sent by the Dublin Mission, the Secretary, External Affairs stated:—

"It did not come at that particular time and this is what we are trying to explain. The existing rules would not have permitted that. Of course, we were working in very tight time frame in which several other agencies and the depts. of the Government of India had to be consulted. This was the problem I had explained in our submission on 3rd January, that is, the case of the property in Jakarta and Tehran was under consideration. There was in fact the constraint on funds about this particular job. For Tehran, it was Rs. 2.83 crores; for Jakarta, it was Rs. 2.25 crores."

27. The Secretary, explained to the Committee during evidence that the Dublin building in question was actually occupied by the Mission earlier, till 1974.

28. While requesting for approval to participate in auction of this building, the Ambassador at Dublin had sent the following telex message on 7th November, 1977:—

“The lease of my present residence started in June, 1978; it has not been renewed. Meanwhile, the Halsbury Road House which used to be the Ambassador’s residence in 1974—about which the relevant papers are in the Ministry—is available. It is a lovely house, most suitable for accommodating us, for an Embassy residence and less than two miles from our Chancery.”

29. Another telex issued by the Ambassador on 7th November, 1977 says that:

“Despite the short notice we must be most grateful if by the morning of Tuesday, the 15th November, it is cleared. We can go upto £ 90,000 in the auction, despite the assurance that the house will be occupied some time next year and some period is required for renovation and repairs.”

30. When pointed out that the decision to purchase another building was taken in August, 1978 and that it had actually been possible to finalise the purchase within a period of 3 months, the Secretary stated:—

“It depends upon the situations. We have also to go by the technical advice. There may be different situations.”

31. It was pointed out that the Ministry was asking for structural report only after a proposal is sent to them. This being a time consuming process, the Committee enquired, how in many cases it had been possible to dispose of cases within fifteen days. The Secretary replied:

“When the proposal from the Mission is self contained and contains all the information needed we are able to take a decision very quickly. As I have already mentioned to the Committee earlier, we have to make sure that we do not take a hasty or a wrong decision. If we are able to get all the facts together, if the information is not lacking, we take a decision in about ten days time.”

He added:

"Mr. Chairman, one has to exercise one's judgement. There is no substitute for that. There is no method by which one can dispense with that quality of an officer. If we know that the proposal is objective and good, we agree to it. If we think that it is a frivolous proposal we may not agree."

32. In this connection, a statement was furnished to the Committee showing the dates of proposal received by the Ministry for acquisition of properties for the Missions abroad and the dates when they were finalised alongwith prices quoted and the costs finally incurred during the last ten years as also age and residual life of the buildings. Analysing the statement the Secretary stated that there were two cases where the time taken in taking the decision was one and a half years, in two cases it was one year, in four cases the time taken was nine months and in five cases it was eight months. He added that in 21 cases the time taken was one month and in some cases it was two weeks and in two cases it was just one week.

33. It was pointed out during evidence that in the case of Dublin-purchase while the proposal for purchase of the building costing 80—90 thousand pounds was rejected, funds to the tune of Rs. 3.79 crores remained unutilised out of Rs. 80 Rs. 5.38 crores allotted during the year for this purpose. The Committee enquired if this would be considered a lapse and responsibility for this lapse would be fixed, the Secretary stated:—

".....We will look into this and let you know."

34. In a post evidence note the Ministry have clarified the position as regards financial constraints as follows:

"The proposal for the purchase of residence for the Ambassador in Dublin was received by telex on 5th November, 1977. Mission had indicated that the property may fetch between £ 80,000 to 90,000 when it was put up for the auction on 16th November, 1977. The proposal was considered by Ministry and the Mission was informed by telex on 15th November that 'owing to financial constraints, regret unable to authorise participation in the auction'.

The Budget allocation for the 1977-78 under capital outlay was Rs. 2 crores. Against this, by July 1977, a sum of

Rs. 80 lakhs was already committed. Keeping in view the proposals then under consideration, the Ministry had approached the financial authorities for enhancement of Budget allocation by 4 crores. However the Ministry of Finance agreed on 2-9-1977 to grant only 1 crore extra bringing the total provision to Rs. 3 crores. This was the position when the proposal for the purchase of Embassy Residence was received on 5th November, 1977. At the same time there was a proposal under consideration for purchase of a Chancery building in Tehran costing about Rs. 2.30 crores. Keeping in view the political and other considerations, Tehran proposal was given high priority. In fact, the proposal to purchase the Embassy residence in Tehran was approved on 14-11-77. Therefore, the position conveyed to Embassy of India, Dublin, in telex of 15th November that the proposal cannot be agreed to because of financial constraints is correct. With the approval of the Tehran proposal, the entire provision of Rs. 3 crores was committed. The decision to turn down the Dublin proposal was, therefore taken on them basis of the financial position in November, 1977."

Structural Extension of the Dining Room of the Dublin Building.

35. The Audit Paragraph has brought out that in 1980, our Mission at Dublin suggested structural extension of the dining room of the Embassy residence. The Ministry cleared this proposal in April 1982 at a cost of £4,500 quoted by 2 firms in June 1981 and instructed that the work might be awarded after following the normal tendering procedure. By this time, however, the quotations received in June 1981 had expired and the firms declined to maintain the quotations. Without inviting any fresh quotations, the Mission awarded the work to a private individual 'R' whose qualifications, antecedents and business status were not ascertained, completed the work in December 1982 to the Ambassador's satisfaction at a total cost of £4,232 and his bills were settled in full without obtaining any structural soundness report from any qualified architect.

36. The next Ambassador to Dublin discovered in June 1983 that the ceiling of the extended dining room was sagging and that there were some serious structural defects leading to continuous water logging etc. Two reputed firms of architects who were, retained to examine

and report on the work done by 'R' stated that (i) construction was not according to local bye laws; (ii) sub-standard material had been used in building the extensions; (iii) the work was structurally unsound; and (iv) no damp proofing had been done by the builders.

37. When approached by the Mission to have the defects caused by his poor workmanship etc. rectified, at his cost, 'R' remitted £ 750 to the Mission. Efforts for further recovery of £ 3482 (£4232—£750) proved futile (May 1984).

38. The Ministry sanctioned (December 1983) a further amount of £8500 for repairs of the dining room which would mean total projected expenditure of £11982 (Rs. 1.54 lakhs) on the dining room resulting in likely extra expenditure of £7482 (Rs. 0.96 lakh) compared to the cost of £4500 approved by the Ministry in April 1982 for extension of the dining room. The avoidable extra liability was due to (1) failure of the Mission to assess the requirement properly in the very beginning; (2) to comply with the procedural requirements laid down by the Ministry for selection of the builders; (3) to verify 'R's antecedents before the award of work to him; and (4) to obtain structural soundness report before settling 'R's bills.

39. The Committee enquired why the Ministry of External Affairs took about 11 months to clear the proposal for extension of a dining room in April, 1982 although the cost of the extension was quoted by two firms in June, 1981; and whether it was known to the Ministry that the quotations for the job were to expire by a particular date. The Ministry of External Affairs have stated in a note that:

“When the proposal for extension of dining room was received from the Mission in July 1981, accompanied by two quotations of June 1981, it was not indicated in the quotations that these were valid only upto a particular date. However, the proposal for extension of dining room was examined in consultation with Integrated Finance who advised that we should call for comments from the Financial Advisor and First Secretary (P&M) in the High Commission of India, London because they had assisted the Ambassador in the purchase of the residence and were well conversant with the building in question. The matter was accordingly referred to High Commission of India, London and, on receipt of their reply in October 1981, certain clarifications were sought from our Mission

in Dublin. On receipt of these clarifications from our Mission in December 1981, the matter was again taken up with Finance Division on 16th January 1982 and final decision was received from them on 19th April, 1982. This was communicated to the Mission on 26th April, 1982."

40. Asked why the proper procedure could not be followed by the Mission in attending to the work of construction of the dining room when the Ministry had instructed them to award the work after following the normal tendering procedure, the Ministry have stated in a note that:

"The regular contractors refused to do the job within the quotation given by them in June 1981. However, the then Ambassador decided to entrust the job to Messrs Robert Camobell who had already done some painting work in the Embassy Residence."

41. The Committee enquired about the procedure laid down in regard to selection of builders for additions/alterations work at the Embassy and other such buildings. The Ministry of External Affairs have stated in a note as follows:

"The selection of builders for additions|alteration work in the government owned building is done by Missions in accordance with local practice and depending on the nature of alterations|additions".

42. The Committee enquired about the procedure laid down for verification of antecedents of builders for such works. The Ministry have stated:

"The verification of antecedents of builders for such works is also done by the Missions through local contacts available to them."

43. Asked whether these procedures were followed in the present case, the Ministry have stated:

"We have no reason to believe that the procedures were not followed in the present case".

44. The Committee enquired whether the Mission approached the established firms for undertaking the job and also to specify their names. The Ministry have stated:

“The Mission approached Messrs. Hobson Brothers Ltd. Dublin and Messrs. P. P. Brunell Construction Ltd., Dublin.

45. The Committee asked the Ministry to furnish details of the agreement entered into with the firm ‘R’, bringing out the main stipulations. The Ministry have stated as follows:

“The details of estimates given by ‘R’ were approved by the then Ambassador. However, no formal agreement was entered with him”.

46. Asked how the Ambassador arrived at the conclusion that the work done by ‘R’ was to his satisfaction, while settling his bills amounting to £4,232 in full, without obtaining any structural soundness report from any qualified architect, the Ministry of External Affairs have stated in a note:

“It is difficult to say anything definite about it. However, the then Ambassador must have consulted his colleagues in the Mission about the quality of works completed by ‘R’ (Messrs. Rober Campbell) and settled the bill after satisfying himself. It is not usual for a Mission to call for a structural soundness report on repairs work amounting to £ 4,232 only, unless the Mission has *prima facie* some doubt about the quality of work”.

47. The Committee enquired as to when Mr. ‘R’ was contacted, what efforts were made to recover the balance amount and why it was considered futile to make further efforts in this direction. The Ministry have stated in a note that “Mr. ‘R’ was contacted in writing on 21st June 1983. The Mission’s solicitors also wrote a number of letters to Mr. ‘R’ but the latter did not reply. One of solicitor’s letters dated 20th March, 1984 was received back by him from the local postal authorities with the remarks “gone away to the States, No forwarding address”. In view of this and also in view of the advice given by the Mission’s solicitors, it was concluded that it will be futile and infructuous to pursue the matter further”.

C. *Policy regarding purchase, hiring and maintenance of property for Missions abroad*

48. The Government of India as on 1-7-85 owned 505 properties abroad in 69 countries; 44 were Chanceries, 54 residences of heads

of missions/posts and 407 were flats or houses for officers and staff. The total amount that was paid for these properties was Rs. 47 crores. Their market value would be much more.

49. The issues relating to San Francisco and Dublin being rather illustrative, the basic policy issues relating to accommodation for our Missions abroad for residential and official purposes, are four-fold. These are:

- (i) Purchase of built up property;
- (ii) construction of properties;
- (iii) renting of accommodation and
- (iv) policy on repairs and maintenances.

Purchase of built up properties

50. The Committee enquired about the policy of the Government for outright purchase of official/residential buildings by our Missions abroad. The Ministry of External Affairs have stated in a note that it is Government's policy to purchase built-up property abroad, wherever economically feasible, rather than retain rented accommodation. However, economic justification is not the only consideration before a deal is approved by the Government. A number of factors such as physical suitability of the premises from residential/functional point of view, security and location etc. are also taken into account.

51. Detailing the policy evolved over years, the Ministry have stated in a note to the Committee that prior to 1976-77, a modest provision was made in the Budget of the Ministry of Works & Housing for the purchase of properties abroad. From that year onwards, the provision was transferred to the Budget of the Ministry of External Affairs.

52. Since 1976 the Ministry has issued circulars highlighting the need for purchasing built-up properties in terms of long-term economy and requesting the Missions and Posts to send concrete proposals.

53. In the initial stages, after the establishment of the Ministry of External Affairs, due to financial constraints, as also relatively low rentals, we had been hiring accommodation. As the size and number of our Missions abroad increased and rentals went up due to inflationary pressures, particularly after the 1973 oil crisis, the need was felt to invest in real estate with a view to cutting down long-term expenditure on rentals.

54. The number of properties that can be purchased in a year is limited to the budgetary allocation for that year. It is hardly possible to anticipate at what point of time and from where suitable purchase proposals would come. At the same time, the number of proposals that can be approved in a year is limited by the budgetary allocation. However, sometimes, because of the unforeseeable local factors, the funds earmarked for a particular proposal remain unutilised at the end of year and have to be surrendered.

55. Regarding purchase of built up properties abroad the Secretary, External Affairs stated during evidence that construction of buildings abroad for embassies and residences for officers and staff was desirable in view of the importance of diplomatic representation in various countries. Experience has, however, shown that it was a time-consuming process and involved a very substantial capital expenditure. At the same time the world wide spiral in rentals takes a large chunk of the annual budget allocated to our missions and posts abroad. This made it imperative to purchase built up property so that sizeable foreign exchange is saved in the long run. The Ministry therefore adopted the policy of purchasing properties abroad wherever they were available provided certain basic conditions were satisfied. The Committee were informed that in East Europe foreign diplomatic missions were not permitted to purchase properties. In any case rental structures in these countries were reasonable. In some countries, for instance, in the Gulf countries built up properties could not be acquired. The rents in these countries were also very high. We have to build in the diplomatic enclaves earmarked for this purpose. In such cases the policy was to buy land and build our own accommodation. In Africa it was very difficult to procure built up properties because buildings were not available. The procedure for purchase of properties for diplomatic missions also varied from country to country. In some countries the procedure was very time-consuming requiring clearance from various authorities and taking anywhere from 6 months to a year. The Secretary, External Affairs explained that some years ago we limited ourselves to selected stations abroad where the rentals were exceptionally high. Now we were not averse to any worthwhile proposal provided some basic conditions were met. In general real estate values appreciated over a period of time. There were also countries where they more from year to year or even from

month to month. It therefore depends on local conditions such as the local currency, laws of supply and demand and even purely speculative forces. The Secretary added that basic conditions which the Ministry wished to satisfy itself before properties were purchased were to see whether it was *prima facie* economical to continue renting or to go in for purchase. Since various elements that go into the real estate were extremely complex to analyse, the economics worked out as per the guidelines is only an approximation. However, if the price demanded for the proposed property was less than the economic cost there was a *prima facie* interest in the property and the mission was asked to send two reports: (i) the structural soundness report; and (ii) the market evaluation report from reputed architects or appraisers. Since getting these reports usually costs money—the missions are not encouraged to send these reports along with proposals unless there was a great deal of urgency or the proposal was extremely attractive.—If the cost of the property is found by the Head-quarters to be economic and funds are available the purchase is pursued.

Construction of buildings for Chancery/Residences

56. As already stated, there are several stations where suitable built-up property is not available. The Ministry have stated that in such cases the Ministry acquires land and gets the construction of suitable buildings done through the appointment of Indian or local architects. Indian architects are generally appointed for the bigger projects. While some projects have been awarded to CPWD, other projects have been awarded to private Indian architects.

57. The Secretary, Ministry of External Affairs informed the Committee that during the last ten years they had acquired plots of land in various countries under various conditions. One was on reciprocal basis as in Abu Dhabi, Kuwait and Moscow are on lease from Government of the country concerned as in Dubai, Islamabad and Canberra; then by purchase as in Kuala Lumpur, Colombo, Jakarta and New York. Then, as a gift of land as in Brazilia where a new capital had been set up.

58. The Ministry of External Affairs have furnished a statement showing the plots of land purchased by the Indian Missions abroad

during the last 10 years. An extract of the statement is given below:

S. No.	Name of Mission/Post	Date when purchase was finalised	Cost finally incurred
1.	Abu Dhabi	9-5-1984	Reciprocal basis
2.	Aden	1-11-1983	Acquired from Govt. of Yemen (PDR) on lease & payment of ground rent
3.	Kuala Lumpur	April, 1984	M \$ 21,04,116
4.	Bangkok (Two plots)	1-7-1974	Rs. 1.889 million
		1-7-1976	Rs. 2.15 million
5.	Bonn	July, 1982	Rs. 42,02,912.00
6.	Colombo	9-6-1977	Rs. 5,07,936.00
7.	Doha (Seven plots)	November, 1982 (Possession yet to be taken)	Allotted by Govt. of Qatar on 60 year lease basis
8.	Dubai	9-5-1984	Reciprocal basis
9.	Islamabad	11-12-1980	Rs. 18,68,333.34
10.	Kuwait	1974	Reciprocal basis
11.	Lilongwe		
	(i) One plot	5-9-1977	Rs. 4,27,500.00
	(ii) Two plots	22-4-1980	Rs. 1,61,682.89
12.	Riyadh	October, 1982	Reciprocal basis
	(i) One plot		
	(ii) 16 plots	7-9-1983	Acquired from Govt. of Saudi Arabia on Lease Rent of SRLS 230454 for 5 years
13.	Jakarta (one plot)	March, 1978	Rs 94,28,522.94
14.	Canberra	4-1-1978	On 99 year lease hold basis on an annual rent of Australian dollar 2600/-
15.	Lusaka	1-3-1974	Rs. 77,111.97
16.	New York	28-7-1980	US \$ 9,90,000

59. From this statement it is seen that Government of India has acquired plots of land at 16 places for construction of chancery buildings and residences. Of these, construction has been completed at 3 places. Government has invested about Rs. 3 crores on acquisition of 12 plots and acquired 29 plots of land on reciprocal basis, long term lease etc.

60. The Committee were informed during evidence that construction of properties was a complex problem which involved drawing up

of architectural plans, designs etc. and a number of agencies were involved in this. A panel of architects was drawn for the purpose by the Architects Selection Committee of the Ministry of External Affairs, headed by the Secretary of that Ministry.

61. The architect alongwith another person was allowed to visit the places where such buildings were to be constructed at Government cost. The two-man team was given Rs. 50,000 for examining the site and local conditions. Then a panel of interior decorators had also to be selected. Attempt was made to give the embassy buildings an Indian touch. Security problem was also taken into consideration.

62. The Committee have been informed that the Ministry have now about 15 projects in hand. In each one of them the cost is at least Rs. 1 crore or above. They are stated to be in the pipeline and at different stages of planning and construction. But this had been reduced to Rs. 25 crores because of economy drive and budget cuts. That necessitated redefining priorities and go slow on some projects.

63. The Committee enquired if there was any need to go slow as the Ministry had been consistently surrendering funds allocated to it during the last eight years. The Secretary, Ministry of External Affairs responded:

“But what we have done now and I would like to assure this to the Committee that we have drawn up a list of priorities and we have set up a monitoring mechanism in the Ministry of External Affairs which will monitor the progress of work and expenditure on a monthly basis. They will be reviewed and if it is found that we cannot spend planned amounts, then we shall try to have the alternative proposals ready so that properties can be purchased in ready-made conditions subject to, of course, if they are being suitable, meeting the usual procedures. It has to be appreciated that even purchases may not be possible due to one reason or the other. However an effort has been mounted and it would be our endeavour to ensure that funds are used more speedily, more effectively by retaining certain amount of flexibility”.

Hiring of accommodation

64. As per conditions of their service, IFS personnel are entitled to rent free accommodation while posted abroad. The scale of accommodation for various categories of officers has been laid down in the

IFS (PICA) Rules. Accommodation for Chanceries and Heads of Missions' residences is decided on merit. It is the policy of the Ministry to hire cheapest accommodation within the entitled scale and subject to its suitability. Generally all proposals of the Missions in this regard are cleared by the Ministry. However, Heads of Missions have delegated powers to authorise continued leasing on the conditions earlier approved by the Ministry.

65. Total annual rentals of buildings/residences for our Missions abroad for the financial year 1983-84 and 1984-85 are broadly as follows:—

During 1983-84 — Rs. 13,64,60,040

During 1984-85 — Rs. 16,23,30,029

The above payment was in foreign exchange.

Except in case of Nepal and some countries of Eastern Block of the Rupee payment area viz. USSR, Poland, Czechoslovakia, Romania and GDR, where the rentals are paid in Rupees Payment of rentals in Rupees was as follows:

During 1983-84 — Rs. 1,32,30,488

During 1984-85 — Rs. 1,37,80,762

66. The position as regards the rents prevailing in Eastern Europe vis-a-vis the rents prevailing in adjoining countries, i.e. West Germany, France, U.K. etc. is as follows:

(A) Eastern Europe

Station/ Country	First Secretary (figures in Rupees. per month)	Assistant
1 Berlin GDR	4,183.00	1,403.00
2 Belgrade Yugoslavia	7,244.00	2,840.00
3 Moscow U.S.S.R.	5,831.00	2,711.00
4 Bucharest Romania	*6,752.00	2,840.00
5 Prague Czechoslovakia	4,251.00	2,352.00
6 Sofia Bulgaria	12,013.00	5,230.00
7 Budapest Hungary	3,943.00	3,675.00
8 Warsaw Poland	12,043.00	5,788.00

* For Second secretary, there is no post of First Secretary in these Missions

(B) Western Europe

Station/Country	First Secretary	Assistant
	Figures in rupeesper month)	
1 Bonn F.R.G.	8,323.00	3,796.00
2 Paris France	12,375.00	7,500.00
3 London U. K.	*11,610.00	3,483.00
4 West Berlin F.R.G.	**10,962.00	5,438.00
5 Vienna Austria	13,588.00	4,705.00
6 Geneva Switzerland	17,982.00	8,771.00
7 Berne Switzerland	7,017.00	4,517.00

* Since there is no First Secretary accommodated in a rented accommodation, the rental paid for a Counsellor has been given.

** This is the rental paid for the Consul General (with a basic pay of Rs. 2500/-p.m.) since there is no other representational grade officer in West Berlin.

67. The Committee were informed during evidence that all proposals for hiring for our Missions abroad were cleared by the Ministry; that is, an officer departed from India only after getting accommodation clearance signal from the Mission. This was done in order to avoid infructuous expenditure of putting him and his family up in hotels which are very costly and therefore it was preferred to send them only when the accommodation was ensured. The Secretary, External Affairs stated that under the delegated powers for the Heads of Divisions, the Joint Secretary (Establishment) was authorized to approve proposals for hiring of accommodation upto a rental of Rs. 7,500 per month in every individual case. These proposals were then cleared by the Integrated Finance. In the case of continued renting with increased rentals, the Missions sent the proposals justifying the increase, cost of living index, devaluation of the local currency, etc. In some socialist countries where the sole agency for hiring buildings was the local Government, whatever rent they demanded, the Ministry had no option but to agree to such proposals. He added, however, that invariably these rentals were reasonable.

68. But in some countries, they were exceptionally high. An example of high rent was Beijing. But the general situation was that rentals all over the world were on the increase. In New York the rents had been going up especially in Manhattan area. The Secretary stated that it was for this reason that they were going in for purchases. He stated, however, that it was not possible to purchase or build property in all countries both for economic reasons and also because in some countries it was not preferred to acquire-immovable property due to unstable conditions there. He informed the Committee further that in Paris and London a number of plots and buildings had been purchased by our Mission. In New York already a number of buildings had been purchased.

Perspective plan to acquire properties abroad

69. The Committee desired to know whether the Ministry of External Affairs had formulated any perspective plan for the acquisition of properties. They have stated in a note as follows:

“The purchase of built-up properties abroad is subject to the availability of suitable properties as per accepted guidelines. At present there is no perspective plan for the acquisition of properties abroad. The matter is, however, under active consideration”.

70. During oral evidence, the Committee desired to know the details of the future plans, if any, for acquisition of properties considering the importance of particular places where diplomatic missions already exist or even taking into account the diplomatic mission that will be opened up in future, types of properties which may be required in such places. The Secretary, External Affairs stated in reply:

“This is a valid question. We have been certainly thinking about this also. We have to balance two factors. One is your own idea about the kind of ‘image’ or ‘projection’ of India 15 years or 20 years from now. There is a particular kind of relationship which we have with various countries. Secondly, you have to consider what funds are there. This is the second thing. To make the answer brief, we have today in the Foreign Service 4550 officers of various grades. 2150 of these—nearly 50 per cent—are posted abroad. We are not thinking in terms of mere

quantities and numbers. Providing accommodation and other facilities is becoming more and more expensive. I don't think we would like to provide or we can provide in the next 10 years or 15 years, all of them with Government owned accommodation. That is not what our policy is. That should not be our policy".

71. The Secretary stated in reply to another question:

"We don't have station-wise Plan, if I may say so, it may happen that we may not need that accommodation".

72. It was pointed out during evidence that according to existing policy it seemed that the Missions were going in for purchase wherever rents were high. Questioning the soundness of this economic calculation, the Committee enquired if there was a perspective plan with priorities allocated to different countries for purchasing properties or in order to make fuller utilisation of allocations as also to make a good bargain. The Secretary stated:

"I can very well appreciate your concern that there should be a system of priority, there should be made some scale of priorities. We will certainly do our best in terms of spending money on the properties. If more funds are available, we can draw up a long term plan straightaway, but I do take note of your concern that we should have a plan for priority and we shall endeavour to have it".

73. The Secretary added:

".....the Ministry is very conscious of the need ultimately to reduce expenditure on renting by opting for a long-term programme of purchase or construction of properties abroad. Heretofore this work has been done by our Establishment Division. We have plans to strengthen this Division by the addition of an officer of the rank of Joint Secretary or Director who will be exclusively concerned with our projects abroad. We have also set up a task force to monitor the progress of expenditure on a monthly basis and if we find that the progress is likely to be slow for whatever reason, then we shall try to divert these funds for the purchase of built up properties and, therefore, we may at this stage call on Missions to make proposals wherever attractive properties are available. Of course, we will not make any commitment to them until we have certainty that the funds are available.

But all the preliminary stages can be gone through and the lead time taken in making decisions reduced. We are very conscious of the fact that we have to provide suitable accommodation for officers, officers and staff if our foreign policy is to have the kind of impact which we want. It is important that the instruments for carrying out our policies abroad are properly taken care of. There are a number of imponderables and you have to give accommodation to nearly 2,100 people in 138 Missions abroad."

Maintenance of Government owned and rented buildings ..

74. In a note to the Committee the Ministry of External Affairs have stated that the expenditure on maintenance of real estate/government owned buildings abroad during 1983-84 was Rs. 1,40,35,836 and the expenditure incurred on maintenance of leased/hired buildings abroad during 1983-84 was Rs. 1,04,08,997.

75. During evidence the Secretary, Ministry of External Affairs informed the Committee that maintenance of buildings which were either owned by the Government or there was a contractual obligation under the relevant lease agreements of the rented buildings, was the responsibility of the Missions. He added that generally speaking, repair and maintenance costing up to Rs. 75,000 per annum was the power delegated to the Head of the Mission. This applied both to the residence of the Ambassador and to the Chancery. If the building was less than 30 years old, then the delegated power was only for Rs. 50,000. For other buildings there was a sliding scale. For instance, in respect of other representational officers, the delegated power was upto Rs. 40,000 if the building was over 30 years old and Rs. 30,000 if it was under 30 years. He informed the Committee further that maintenance and repair applied to the following main categories, viz. cleaning and civil repairs, white washing, repair and maintenance of various systems such as air-conditioner, sanitation etc.

76. The Secretary added:

"Proposals relating to the following items have to be referred to the Ministry, viz., major structural changes, renovation etc. For all such proposals from Missions abroad, seeking prior approval of the Ministry for maintenance and repair not covered under the delegated powers is invariably needed. Normally, submission of at least three quotations is insisted upon. Awarding the work to the lowest bidder can be waived by the Ministry only for cogent reasons."

77. The Committee were informed that in recent years assistance of the Technical Wing of the CPWD was sought in sorting out certain serious maintenance or renovation problems in respect of properties abroad. Chief Engineer, CPWD, for instance, went to Canberra, Willingdon and Singapore recently to advise the Mission on specific civil works being contemplated in those Missions involving considerable renovation. Another Senior Engineer of CPWD visited Rangoon. This practice was proposed to be followed and the Ministry hoped that this would lead to more effective utilisation of funds.

78. When enquired if it was cheaper to send our engineers rather than engaging the local people, the Secretary stated:

“Specially in neighbouring countries where large sums of money are involved, we are now experimenting with this procedure and it is proving very useful. Recently I was in Islamabad. Though many of the larger Embassies have their own compounds, they found it fit to employ their own maintenance staff, for instance, U.K. and Canada Missions. They employ carpenters, the electricians and telephone repair men. We have to do the same because ultimately it is cheaper. At present, we have to depend on local contractors. We are also thinking of some procedure. Since there is a ban on creation of posts, we are unable to put this into effect but the basic idea is to have your own maintenance.”

79. Two cases brought out in the Audit Paras under examination show conclusively and un-answervably, the astonishingly unrealistic and un-imaginative manner in which the administrative machinery tends at times to function. The cases that are stated here give the impression that while trying to be penny wise we have been pound foolish. These cases are briefly stated in the paragraphs that follow.

80. A proposal for purchase of a residential building for the Indian Consul General, San Francisco, duly recommended by the Indian Ambassador in Washington, keeping in view the location, state of maintenance and expected appreciation of value, in course of time was submitted to the Ministry of External Affairs in January, 1978. This building had been constructed in 1951 and its cost was indicated as \$2,75,000. Its economic cost was assessed between \$1,25,000 and \$1,60,000 by the Govt. In fact, two different economic costs were fixed for this house—one by the Ministry of External Affairs (\$2,70,000) and another by the Finance Ministry (\$1,60,000). On the other hand the Consulate's estimate of the reasonable purchase

price was \$3,00,000. It was pointed out that the rent paid for the Consul General's house was unrealistically low as no such house was at that time available at that rent and therefore the cost computed on the rental paid would be unrealistic. This was turned down by the Ministry of Finance. Several other proposals for the purchase of a building for the residence of the Consul General were subsequently turned down in the same manner. The admissible cost ceilings for these buildings were raised slowly and reluctantly frustrating the proposals. Against a proposal in August 1979 for the purchase of a house for \$4,50,000 the Government advised an unrealistic ceiling of \$3,00,000. Subsequently when the ceiling was sought to be raised to \$4,50,000 it was fixed at \$4,25,000. For another proposal in May 1980 for a house for \$6,50,000 the ceiling was fixed at \$5,50,000 and then subsequently suggested between \$5,50,000 to \$7,50,000. Ultimately a building constructed in 1927 was bought in May 1982 for \$7,50,000. Significantly, its economic cost worked out only to \$2,40,000. Consequently, as contended by Audit, an attractive offer for purchase of a comparatively new house for \$2,75,000 was lost owing to a rigid formula and unnecessary expenditure to the tune of Rs. 50 lakhs was incurred in this case (including the rent amounting to Rs. 6 lakhs paid for the existing residence during the intervening period).

81. The other case which relates to purchase of a residential building for the Indian Ambassador at Dublin is also in the same tenor of rigidity. A proposal was sent by the Mission for purchase, at auction, of a building at an estimated cost of £80 to 90 thousand in November, 1977. This building had been used as Embassy residence for six years till 1974, and was considered suitable for residential purpose in view of its vicinity to the Chancery and its location in diplomatic-cum-residential colony. This proposal was turned down for reasons of financial constraint, inadequate time available for taking a decision and absence of structural soundness report. However, in another proposal a ceiling of £1 lakh was permitted 3 months later in February 1978 and a purchase at £1.25 lakhs was approved by Government though the value of this house was assessed by architects at £1 lakh. Thus, as brought out by Audit, the failure to purchase the building in November 1977 resulted in additional avoidable expenditure to the tune of Rs. 7 lakhs.

82. Besides the financial constraints, the other explanations advanced by the Secretary, External Affairs, during evidence for rejection of the proposals made in November, 1977 for purchase of the property at Dublin were: inadequate time for arriving at a decision in this case, suitability, structural soundness, economic cost clear le-

gal title and market evaluation. None of these reasons were sustainable. A sum of Rs. 3.79 crores remained unutilised out of the relevant budget head at the close of the financial year. As regards suitability and structural soundness of this building it may be pointed out that this building had been our Ambassador's residence for six years and the existing incumbent of the post had strongly pleaded for its purchase in his two telex messages. Inadequate time available should not, in the Committee's view stand in the way of taking decisions. In fact there have been quite a few instances where decisions had been taken within a short period of even one week.

83. The Committee find from the data furnished by the Ministry of External Affairs that out of 38 proposals received by the Ministry over a period of ten years, in as many as 21 cases the decisions were taken within a period of one month, in some cases it was just two weeks and in another two cases it was one week. Further, the plea taken in regard to economic cost hardly holds ground as in neither of the two cases have the economic costs been adhered to finally. The economic costs whether calculated by the Ministry of External Affairs or by the Ministry of Finance have been unrealistic inasmuch as these were based on obsolete rentals. Surrender of funds to the tune of Rs. 3.79 crores mentioned above, in an annual budget of Rs. 5.38 crores, and failure to accommodate otherwise economical expenditure of Rs. 17 lakhs on purchase of property at Dublin, is indicative of failure to perceive the proposal in its proper perspective.

84. The Committee, therefore, cannot but conclude that a rather rigid and routine approach had been followed in application of procedures and guidelines for dealing with purchase of properties for our Missions abroad. The Committee feel that property situation being rather volatile, a more pragmatic approach needs to be followed. The Committee would like that the policies and procedures laid down in this regard should be reviewed to meet the situation adequately and squarely.

85. The Committee wish to observe in this connection that a realistic view is not being taken in the matter of calculating the economic cost for the purchase of buildings for the use of our Missions abroad. The Ministry of Finance|External Affairs have been adhering to a formula to calculate the economic cost which has not been

found practical. Economic cost has been arrived at on the basis of rent being annually paid which is not always the market rent prevailing at the time of purchase. The economic cost thus arrived at, therefore, becomes unrealistic and it is for this reason that a number of proposals have been frustrated both in the case of San Francisco as well as Dublin. It is seen also that different costs have been arrived at for the same buildings in the Ministry of External Affairs and the Ministry of Finance. In the opinion of the Committee, therefore, the procedure evolved in this regard should be reviewed and a more practical cost formula evolved.

86. The Mission at Dublin had suggested structural extension of the dining room of the residence of Head of the Mission in 1980. The proposal was cleared by the Ministry in August 1982, 11 months after the two firms sought to be engaged for repairs had quoted a cost of £4500. It is not surprising that by this time the quotations received in June 1981 had already become obsolete and the two firms declined to undertake this job. It is also rather strange that the Mission then awarded this job to a private individual 'R' who had done some painting job in the Embassy residence earlier. Antecedents of this individual as to his being qualified to undertake this job were not ascertained. Although the job is stated to have been completed seemingly to the satisfaction of the then Ambassador at a cost of £4,232 the payments were cleared without obtaining soundness certificate from a competent authority. No wonder then that succeeding Ambassador discovered the roof of the extended dining room sagging and some other serious structural defects. The contractor 'R' failed to rectify the defects and had reportedly left the country. He, however, remitted £ 750 to the Mission out of total payments of £4232 made to him. Consequently an avoidable extra expenditure of £ 7,482 had to be sanctioned to rectify the defects. The Committee are not happy at the casual handling of the job relating to extension of the dining room of the Ambassador's residence at Dublin in the Ministry as well as in the Mission, resulting in avoidable extra expenditure. The Committee are surprised that no attempt has been made to fix the responsibility. The Committee would like the Government to review and streamline the procedures involved in undertaking repairs etc. in the buildings owned by our Missions in the light of experience in this regard so as to ensure time bound disposal of repair proposals of the Missions abroad. With this end in view it would certainly be helpful and desirable to allow delegation of a certain amount of financial powers befitting the rank of the head of the Mission for taking up jobs

involving reasonable amounts at their own levels and without it being necessary to make such references to the Government. The Committee would, however, stress at the same time a more strict compliance of procedures, such as selection of the builders by means of issuing tenders etc., entering into formal contracts and obtaining structural soundness reports in the interest of the best use of the available resources.

87. There are four broad aspects of the Government policy relating to acquisition of properties for use of missions abroad. They relate to purchase of built up properties for Chancery/residences, construction of properties, renting of accommodation and repair and maintenance of properties acquired. Government of India as on 1.7.85 owned properties abroad in 69 countries out of which 44 were Chanceries, 54 residences of heads of missions/posts and 407 were flats for houses for officers and staff. The total amount invested on these properties was Rs. 47 crores although its current market value would be much more.

88. Rental outgo in foreign exchange for our missions abroad was Rs. 13.64 crores in 1983-84 and Rs. 16.23 crores during 1984-85. In addition, Rs. 1.32 crores and Rs. 1.37 crores were spent on rentals paid in rupee payment areas in case of Nepal and some Eastern Block countries, including USSR. Expenditure on maintenance during 1983-84 has been Rs. 1.40 crores on owned buildings and Rs. 1.04 crores on hired/leased buildings. Due to escalating costs and rentals purchase of buildings would be a cheaper proposition than renting.

89. Policy of Government now therefore is to purchase built up properties wherever economically feasible rather than to hire accommodation. Apart from economic justification, other considerations like physical suitability of the premises from functional point of view, security and location etc. are also taken into account. The number of properties that can be purchased in a year is limited by the budgetary allocation for that year. It has been stated by the Ministry that "it is hardly possible to anticipate at what point of time and from where suitable purchase proposals would come. At the same time the number of proposals that can be approved in a year is limited by budgetary proposals. However, sometimes because of the unforeseeable local factors the funds earmarked for a particular proposal remain unutilised at the end of the year and have to be surrendered." It is absolutely necessary to have a clear cut plan for acquisition of properties for our Missions abroad as they are almost permanent in nature and as indispensable as the Secretariat. The Committee recommend that Government should draw a long term perspective plan

to acquire built up properties or to construct buildings on the plots which have already been purchased or may have to be purchased in future.

96. The Committee were informed during evidence by the Secretary, Ministry of External Affairs that they have a complement of 4,550 officers of various grades employed by the Ministry of External Affairs. Of these, 2,150—nearly 50 per cent—are posted abroad and providing accommodation and other facilities is becoming more and more expensive. The Committee observe from the information furnished by the Ministry of External Affairs that the Government of India has acquired plots of land at 16 places for construction of chancery buildings and residences. Of these, construction has been completed only at three places, though some of the plots had been acquired more than a decade ago. Considering the large number of Missions abroad, the acquisition of immoveable property for housing offices and officers appears to be very meagre. Despite meagre acquisition, there is no perspective plan for constructing buildings on the plots acquired. Government has invested more than Rs. 3 crores on acquisition of 12 plots and acquired 29 plots of land on reciprocal allotment of plots of land at New Delhi, etc. and expenditure is being incurred on maintaining these plots of land free of encroachments at various places. The Committee recommend that a perspective plan for construction of buildings on these plots should be drawn out immediately and funds provided to ensure that the rental outgo, which is increasing year after year, is reduced to the barest minimum. Acquisition of plots and immoveable properties should be based on a pragmatic plan.

NEW DELHI,
21 July, 1986
20 Asadha, 1908 (S)

B. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX I

(See Para 1 of Report)

Paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Civil) on Purchase of residential building at San Francisco.

21. Purchase of residential building at San Francisco

The residence leased for the Consul General was not being satisfactorily maintained by the landlord. He was also not agreeable to extend the lease. A proposal for purchase of a residential building at a cost of \$ 2,85,000 for the Consul General was, therefore, made in January 1977 to Ministry of External Affairs. This did not materialise and another proposal for purchasing a house (year of construction; 1951) for \$ 2,75,000 was sent to the Ministry in January 1978. The purchase was strongly recommended by India's Ambassador in Washington in view of the location of the house, state of maintenance and the possibility of appreciation in the value of the house in course of time. The proposal was turned down by the Ministry (February 1978) on the ground that it was uneconomic. According to Government the economic cost was assessed between \$ 1,25,000 and \$ 1,60,000. The instructions of the Ministry regarding calculating the economic cost for purchase of property were circulated in May 1978. The Consulate pointed out in February 1979 that the rent paid for the Consul General's house was unrealistically low as no alternative accommodation was available at that rent. The working of the economic cost on the basis of such rent paid would, therefore, be unrealistic. The Consulate considered that a reasonable estimate for purchase price would be \$ 3,00,000.

In August 1979, the Consulate proposed purchase of a house for \$ 4,50,000 but was advised by the Ministry (September 1979) to locate a house within a maximum ceiling of \$ 3,00,000. The ceiling was considered impracticable by the Consulate. They pointed out that the Consul General's residence, which was offered (March 1976) by the previous owner to the Government of India for \$ 1,50,000 prior to its sale to the present owner, was estimated to

cost about \$ 4,50,000. The Consulate sought (September 1979) a ceiling of \$ 4,50,000 for purchase of a house. The Ministry raised the ceiling to \$ 4,25,000 in March 1980.

Two more attempts (April-May 1980) by the Consulate to purchase fell through even after offering prices ranging between \$4,50,000 and \$4,60,000 as the houses were bought for higher amounts by other parties. In May 1980, the Consulate sought the Ministry's approval for purchase of another house available for \$ 6,50,000 with surplus land measuring 6,000 Sq. ft. attached to it which could be sold for \$ 1,00,000 to \$ 1,25,000. Ministry approved the purchase, if the price could be settled at \$ 6,00,000 and directed a team of officers to finalise the deal. As the owner was not willing to accept a price below \$ 6,25,000 fresh clearance was sought from the Ministry who enquired whether an immediate buyer for the surplus land would be found. On being informed by the Consulate that an immediate buyer could not be guaranteed, the Ministry turned down September 1980) the proposal. The ceiling was raised to \$ 5,50,000 in December 1981, and again between \$ 5,50,000 and \$ 7,50,000 in March 1982. A house (year of construction; 1927) was finally bought for \$ 7,50,000 in May 1982. although the economic cost worked out to only \$2,40,000.

As early as in May 1976, the high rentals in San Francisco area were brought to the notice of the Ministry. The Consulate has also informed the Ministry in August 1979 that real estate value in San Francisco had increased by about 30 per cent in one year. On account of rigid adherence to a formula and an inadequate appreciation of local factors, Government had lost an attractive offer in January 1978 for purchase of a comparatively new house for \$ 2,75,000 and ended up by purchasing an older house (constructed in 1927) for \$ 7,50,000 resulting in an extra expenditure of \$ 4,75,000 (Rs. 44.17 lakhs). The rent paid during the period from February 1978 to May 1982 was \$ 71,837 (Rs. 6.11 lakhs).

APPENDIX II

Paragraph 14 of the Report of Comptroller & Auditor General of India for the year 1983-84, Union Government (Civil), on Avoidable Expenditure—Purchase and Repair of Building in Dublin

Ministry of External Affairs

14. Avoidable expenditure—Purchase and repair of building in Dublin

(a) At the instance of the Ministry the Indian Mission in Dublin sent in November 1977 a proposal for the purchase in auction at an estimated value between £ 80 to 90 thousand of a residential building (4000 square feet plinth area) which had been used as Embassy residence for about six years till 1974 in view of its vicinity to Chancery, its suitability for embassy residence and its location in diplomatic-cum-residential colony. The Ministry did not agree to the proposal owing to financial constraints during 1977-78. The building was sold away in auction for £ 1 lakh on 16th November 1977.

The Mission continued to send proposals for purchase of other buildings indicating, *inter alia*, that the prices of properties were going up. The Ministry allowed in February 1978 the Ambassador to go upto £ 1 lakh in his negotiations for the purchase of a house.

In August 1978, it was decided to purchase some other building having built-up area of 2,933 square feet for use as Ambassador's residence. The purchase was finalised in October 1978 for £ 1.25 lakhs with the approval of Government. The value of this property had been assessed at £ 1 lakh by the architects. The building was considered to be in need of immediate renovations and repairs. The Ministry, accordingly, sanctioned (September 1978) £ 6,000 for the purpose, which included a provision of £ 500 for demolition of an arch in one of the rooms to be converted into a dining room. The repairs were carried out at a cost of £ 12,525 but without taking up the work of a dining room. Ministry's approval for expenditure in excess of the sanctioned amount was not obtained. Even after these repairs, the building did not have a proper dining room.

(b) In 1980, the Mission suggested structural extension of the dining room. The Ministry cleared this proposal in April 1982 at

a cost of £ 4,500 quoted by 2 firms in June 1981 and instructed that the work might be awarded after following the normal tendering procedure. By this time, however, the quotations received in June 1981 had expired and the firms declined to maintain the quotations. Without inviting any fresh quotations, the Mission awarded the work to a private individual 'R' who had done some painting job in the Embassy residence earlier. 'R' whose qualifications, antecedents and business status were not ascertained, completed the work in December 1982 to the Ambassador's satisfaction at a total cost of £4,232 and his bills were settled in full without obtaining any structural soundness report from any qualified architect.

The next Ambassador to Dublin discovered in June 1983 that the ceiling of the extended dining room was sagging and that there were some serious structural defects leading to continuous water logging etc. Two reputed firms of architects who were retained to examine and report on the work done by 'R' stated that (i) construction was not according to local bye laws; (ii) sub-standard material had been used in building the extensions; (iii) the work was structurally unsound; and (iv) no damp proofing has been done by the builders.

When approached by the Mission to have the defects caused by his poor workmanship, etc. rectified at his cost, 'R' remitted £ 750 to the Mission. Efforts for further recovery of £3482 (£4232—£750) proved futile (May 1984).

The Ministry sanctioned (December 1983) a further amount of £8500 for repairs of the dining room which would mean total projected expenditure of £11982 (Rs. 1.54 lakhs) on the dining room, resulting in likely extra expenditure of £7482 (Rs. 0.96 lakh) as compared to the cost of £4500 approved by the Ministry in April 1982 for extension of the dining room. The avoidable extra liability was due to (1) failure of the Mission to assess the requirement properly in the very beginning; (2) to comply with the procedural requirements laid down by the Ministry for selection of the builder; (3) to verify 'R's antecedents before the award of work to him; and (4) to obtain structural soundness report before settling 'R's bills.

The Mission also incurred £6250 (Rs. 0.98 lakh) on rent for Embassy residence from 16-11-1977 to 13-10-1978 which could have been avoided had the building been purchased in November 1977.

Thus failure to purchase the building proposed by the Mission in November 1977 resulted in additional avoidable expenditure of Rs. 7.10 lakhs (Rs. 2.61 lakhs for higher cost of building, Rs. 1.97 lakhs for repairs, Rs. 1.54 lakhs for cost of dining room and Rs. 0.98 lakh for rent of Embassy residence) in purchase of a building with a lesser plinth area.

The Ministry stated (October 1983) that the first proposal for purchase of property was received on 7th November 1977 and decision was needed by the Mission by 15th November 1977 and since there was no time to obtain the requisite reports, estimates etc., the Ministry did not have a complete proposal or definite offer before it which could form the basis of a valid decision and that the Integrated Finance or the Ministry of Finance would not have agreed to the purchase of property about whose structural soundness or market value, necessary assessment were not available. It was further stated that as there were several other property purchase proposals under consideration which were likely to be approved, funds could not be earmarked for the Dublin property in November 1977.

It is, however, observed that against the Budget provision of Rs. 486 lakhs for construction and housing during 1977-78, an amount of Rs. 158.33 lakhs only was utilised during that year and there was no constraint of funds during that year for the purchase of building.

It is also to be noted that the proposed property had earlier been occupied by the Mission as Ambassador's residence for 6 years and the details of property and its conditions were very well known to the Ambassador and the Ministry.

APPENDIX III

Statement of Conclusions/Recommendations

Sl. No.	Para No.	Ministry/ Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1.	79 and 80	External Affairs	<p>Two cases brought out in the Audit Paras under examination show conclusively and un-answerably, the astonishingly unrealistic and un-imaginative manner in which the administrative machinery tends at times to function. The cases that are stated here give the impression that while trying to be penny wise we have been pound foolish. These cases are briefly stated in the paragraphs that follow.</p> <p>A proposal for purchase of a residential building for the Indian Consul General, San Francisco, duly recommended by the Indian Ambassador in Washington, keeping in view the location, state of maintenance and expected appreciation of value in course of time was submitted to the Ministry of External Affairs in January, 1978. This building had been constructed in 1951 and its cost was indicated as \$2,75,000. Its economic cost was assessed between \$1,25,000 and \$1,60,000 by the Govt. In fact, two different economic costs were fixed for this house—one by the Ministry of External Affairs (\$2,70,000) and another by the Finance Ministry (\$1,60,000). On the other hand the Consulate's estimate of the reasonable purchase price was \$3,00,000. It was pointed out that the rent paid for the</p>

Consul General's house was unrealistically low as no such house was at that time available at that rent and therefore the cost computed on the rental paid would be unrealistic. This was turned down by the Ministry of Finance. Several other proposals for the purchase of a building for the residence of the COUNSUL General were subsequently turned down in the same manner. The admissible cost ceilings for these buildings were raised slowly and reluctantly frustrating the proposals. Against a proposal in August 1979 for the purchase of a house for \$4,50,000 the Government advised an unrealistic ceiling of \$3,00,000. Subsequently when the ceiling was sought to be raised to \$4,50,000 it was fixed at \$4,25,000. For another proposal in May 1980 for a house for \$6,50,000 the ceiling was fixed at \$5,50,000 and then subsequently suggested between \$5,50,000 to \$7,50,000. Ultimately a building constructed in 1927 was bought in May 1982 for \$7,50,000. Significantly, its economic cost worked out only to \$2,40,000. Consequently, as contended by Audit, an attractive offer for purchase of a comparatively new house for \$2,75,000 was lost owing to a rigid formula and unnecessary expenditure to the tune of Rs. 50 lakhs was incurred in this case (including the rent amounting to Rs. 6 lakhs paid for the existing residence during the intervening period).

The other case which relates to purchase of a residential building for the Indian Ambassador at Dublin is also in the same tenor of

rigidity. A proposal was sent by the Mission for purchase, at auction, of a building at an estimated cost of £80 to 90 thousand in November, 1977. This building had been used as Embassy residence for six years till 1974, and was considered suitable for residential purpose in view of its vicinity to the Chancery and its location in diplomatic-cum-residential colony. This proposal was turned down for reasons of financial constraint, inadequate time available for taking a decision and absence of structural soundness report. However, in another proposal a ceiling of £1 lakh was permitted 3 months later in February 1978 and a purchase at £1.25 lakhs was approved by Government though the value of this house was assessed by architects at £1 lakh. Thus, as brought out by Audit, the failure to purchase the building in November, 1977 resulted in additional avoidable expenditure to the tune of Rs. 7 lakhs.

Besides the financial constraints, the other explanations advanced by the Secretary, External Affairs, during evidence for re-rejection of the proposals made in November, 1977 for purchase of the property at Dublin were: inadequate time for arriving at a decision in this case, suitability, structural soundness, economic cost, clear legal title and market evaluation. None of these reasons were sustainable. A sum of Rs. 3.79 crores remained unutilised out of the relevant budget head at the close of the financial year. As regards suitability and structural soundness of this building it may be pointed out that this building had been our Ambassador's residence for six years and the existing incumbent of the post had

strongly pleaded for its purchase in his two tele messages. Inadequate time available should not, in the Committee's view stand in the way of taking decisions. In fact there have been quite a few instances where decisions had been taken within a short period of even one week.

4. 83 and 84 External Affairs

The Committee find from the data furnished by the Ministry of External Affairs that out of 38 proposals received by the Ministry over a period of ten years, in as many as 21 cases the decisions were taken within a period of one month, in some cases it was just two weeks and in another two cases it was one week. Further, the plea taken in regard to economic cost hardly holds ground as in neither of the two cases have the economic costs been adhered to finally. The economic costs whether calculated by the Ministry of External Affairs or by the Ministry of Finance have been unrealistic in as much as these were based on obsolete rentals. Surrender of funds to the tune of Rs. 3.79 crores mentioned above, in an annual budget of Rs. 5.38 crores, and failure to accommodate otherwise economical expenditure of Rs. 17 lakhs on purchase of property at Dublin, is indicative of failure to perceive the proposal in its proper perspective.

The Committee, therefore, cannot but conclude that a rather rigid and routine approach had been followed in application of procedures and guidelines for dealing with purchase of properties for

our Missions abroad. The Committee feel that property situation being rather volatile, a more pragmatic approach needs to be followed. The Committee would like that the policies and procedures laid down in this regard should be reviewed to meet the situation adequately and squarely.

5. 85 External Affairs

The Committee wish to observe in this connection that a realistic view is not being taken in the matter of calculating the economic cost for the purchase of buildings for the use of our Missions abroad. The Ministry of Finance/External Affairs have been adhering to a formula to calculate the economic cost which has not been found practical. Economic cost has been arrived at on the basis of rent being annually paid which is not always the market rent prevailing at the time of purchase. The economic cost thus arrived at, therefore, becomes unrealistic and it is for this reason that a number of proposals have been frustrated both in the case of San Francisco as well as Dublin. It is seen also that different costs have been arrived at for the same buildings in the Ministry of External Affairs and the Ministry of Finance. In the opinion of the Committee, therefore, the procedure evolved in this regard should be reviewed and a more practical cost formula evolved.

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6. 86 -do-

The Mission at Dublin had suggested structural extension of the dining room of the residence of Head of the Mission in 1980. The proposal was cleared by the Ministry in August, 1982, 11 months after the two firms sought to be engaged for repairs had quoted a

cost of £4500. It is not surprising that by this time the quotations received in June, 1981 had already become obsolete and the two firms declined to undertake this job. It is also rather strange that the Mission then awarded this job to a private individual 'R' who had done some painting job in the Embassy residence earlier. Antecedents of this individual as to his being qualified to undertake this job were not ascertained. Although the job is stated to have been completed seemingly to the satisfaction of the then Ambassador at a cost of £4,232 the payments were cleared without obtaining soundness certificate from a competent authority. No wonder then that succeeding Ambassador discovered the roof of the extended dining room sagging and some other serious structural defects. The contractor 'R' failed to rectify the defects and had repeatedly left the country. He, however, remitted £750 to the Mission out of the total payments of £4232 made to him. Consequently an avoidable extra expenditure of £7,482 had to be sanctioned to rectify the defects. The Committee are not happy at the casual handling of the job relating to extension of the dining room of the Ambassador's residence at Dublin in the Ministry as well as in the Mission, resulting in avoidable extra expenditure. The Committee are surprised that no attempt has been made to fix the responsibility. The Committee would like the Government to review and streamline the procedures involved in undertaking repairs etc. in the buildings owned by our Missions in the light of experience in this regard so

as to ensure time bound disposal of repair proposals of the Missions abroad. With this end in view it would certainly be helpful and desirable to allow delegation of a certain amount of financial powers befitting the rank of the head of the Mission for taking up jobs involving reasonable amounts at their own levels and without it being necessary to make such references to the Government. The Committee would, however, stress at the same time a more strict compliance of procedures, such as selection of the builders by means of issuing tenders etc., entering into formal contracts and obtaining structural soundness reports in the interest of the best use of the available resources.

7.

87 to 89

External Affairs

There are four broad aspects of the Government policy relating to acquisition of properties for use of missions abroad. They relate to purchase of built up properties for Chancery/residences, construction of properties, renting of accommodation and repair and maintenance of properties acquired. Government of India as on 1-7-85 owned properties abroad in 69 countries out of which 44 were Chanceries, 54 residences of heads of missions/posts and 407 were flats or houses for officers and staff. The total amount invested on these properties was Rs. 47 crores although its current market value would be much more.

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P.A.C. No. 1128

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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT
OF BUSINESS IN LOK SABHA (SIXTH EDITION) AND PRINTED BY THE
GENERAL MANAGER, GOVERNMENT OF INDIA PRESS,
MINTO ROAD, NEW DELHI.