

# **PUBLIC ACCOUNTS COMMITTEE**

**1958-59**

**TWELFTH REPORT**

**(SECOND LOK SABHA)**

**GOVERNMENT OF HIMACHAL PRADESH**

Appropriation Accounts for the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.

**(Vol. I—Report)**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 1959*

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## C O R R I G E N D A

- Page (i), CONTENTS, under 'pages' last line; for '-62'  
read '53 - 62'
- Page (ii) Under 'pages' last line; for '113-118' read  
'103-118'
- Page (v), INTRODUCTION, Second sub-para of para 2, lines  
4 & 5; for 'Accounts/Report' read 'Accounts/Reports'
- Page 5, last line; for 'Rs. 1.12 lakhs' read 'Rs. 112 lakhs'  
and for '15:61 per' read '15.61 per'
- Page 6, line 8, for '0:46' read '0.46'
- para 8, line 6, for 'para 3' read 'para 4'
- Page 16, line 7, for 'non-officials members' read  
'non-official members'
- Page 19, last line of para 30; for 'operations' read  
'operation'
- Page 20, line 2; for 'Rs. 2,80,773:35 nP' read 'Rs. 2,80,773.  
35 nP'
- Page 21, line 4; for '(of para 58 of the C.P.W.D. Code)  
read '(cf. para 58 of the C.P.W.D. Code);  
line 15; for 'page 132-33' read 'pages 132-133', and  
para 35, line 2; for 'year 1954-55 and 1955-56'  
read 'years 1954-55 and 1955-56'
- Page 23, second sub-para of para 39, line 2; for 'Hmachal  
Pradesh Transport' read 'Himachal Pradesh Transport'
- Page 36, para 61, line 2 from bottom; for 'on enquiry'  
read 'an enquiry'
- Page 47, para 74, line 2; for 'on nearly 79 per cent'  
read 'or nearly 79 per cent'
- Page 54, para 86, line 3 from bottom; for 'a contractor'  
read 'the contractor'
- Page 55, lines 13-14: for 'The La Department' read 'The Law  
Department'
- P.T.O.

- Page 57, para 92, line 7; for 'Balance Sheets to'  
read 'Balance Sheets of'
- Page 58, para 94, line 1; for 'Water supply scheme'  
read 'Water supply schemes'
- Page 65, second sub-para of para 104, line 2; for  
'administration' read 'Administration'
- Page 69, second sub para of para 114; last 2 lines; for  
'transport department' read 'Transport Department'
- Page 87, para 150, line 3; for '31st October, 1956'  
read '31st October, 1956'
- Page 88, second sub-para of para 151, line 3; for 'Managing  
Directors' read 'Managing Agents'
- Page 97, para 165, line 2; for 'subjects' read 'subject'
- Page 101, para 2, line 3; for 'article 151(2) \*'  
read 'article 151(2)'
- Page 103, S.No. 2, column 4, line 8; for 't e' read 'the' <sup>Course</sup>
- Page 105, S.No. 5, column 4, line 15; for 'Cours' read 'Course'
- Page 107, S.No. 13, under column 2; insert '24' against  
sub-para (ii)
- Page 108, against sub-para (i): insert '15' under column 1 and  
'28' under column 2.
- Page 109, S.No. 17, under column 2: insert '32' against <sup>and</sup>  
sub-para (ii)  
under column 1: delete '18'

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\*\*References given to the various Appendices in the body of the Report have been embodied in Volume II of this Report.

PUBLIC ACCOUNTS COMMITTEE 1958-59

CHAIRMAN

\*Prof. N. G. Ranga

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N.R.M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
- †10. Shri Raghubar Dayal Misra
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Shri Amolakh Chand
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18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiiah.

SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary*

Shri V. Subramanian—*Deputy Secretary*

Shri M. C. Chawla—*Under Secretary*

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\*Prof. N. G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 *vice* Shri T. N. Singh resigned from Lok Sabha.

†Elected on the 23rd September, 1958 *vice* Shri T. N. Singh resigned from Lok Sabha.

## INTRODUCTION

1, the Chairman of the Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, present this Twelfth Report on the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.

2. Consequent upon the enactment of the States Reorganisation Act, 1956, Himachal Pradesh ceased to exist as Part 'C' State and became a Centrally Administered Area with effect from the 1st November, 1956. The Accounts and Audit Reports under report relate to the Pre-reorganisation period. The Appropriation Accounts for the year 1954-55 and Audit Report, 1956, thereon, were laid on the Table of the Himachal Pradesh Legislative Assembly on the 15th October, 1956, but these could not be considered by the Public Accounts Committee of the State as on the re-organisation of the State, the Assembly ceased to exist.

The Direction of the Speaker was obtained on 11th February, 1958 that it was not necessary to re-lay these Accounts on the Table of the House and the Public Accounts Committee of the Lok Sabha could proceed from that stage. The other Accounts/Report referred to above were laid on the Table of the House after the Reorganisation on the dates indicated against each :—

Appropriation Accounts, 1955-56 and Audit Report, 1957	2-9-1957
Appropriation Accounts, 1956-57 (1st April to 31st October, 1956) and Audit Report	11-12-1957
Finance Accounts, 1955-56 and Audit Report, 1956	13-9-1957
Finance Accounts, 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report	26-8-1958

3. The Public Accounts Committee considered the Appropriation Accounts, 1954-55, 1955-56 and 1956-57 (Pre-reorganisation) and Finance Accounts, 1955-56 and Audit Reports thereon at their sittings held at Gorton Castle, Simla from the 16th to 20th June, 1958 and examined the representatives of the Ministries of

Home Affairs, Finance and Himachal Pradesh Administration. As the successor to the Public Accounts Committee of the Himachal Pradesh Vidhan Sabha, the Committee also examined the Statements showing action taken by the Himachal Pradesh Administration on the recommendations made by the defunct Committee in their 1st and 2nd Reports. The observations of the Committee on some of the important cases are set forth at the appropriate places in this Report.

The Finance Accounts for 1956-57 (Pre-reorganisation) were referred by the Committee to the Working Group on Himachal Pradesh and Delhi Accounts constituted by them. This Group at their sitting held on the 12th August, 1958, considered these Accounts.

\*4. The Committee considered and approved this Report at their sitting held on the 3rd March, 1959.

5. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of this report.

6. A statement showing the summary of the main conclusions and recommendations of the Committee has been appended to this Report.

7. The Committee place on record, their appreciation of the assistance rendered to them in their examination of these Accounts by the Comptroller and Auditor General of India.

NEW DELHI;  
The 6th March, 1959.  
Phalgun 15, 1880 (Saka)

N. G. RANGA,  
Chairman,\*  
Public Accounts Committee.

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\*This Report was passed by the Committee at their sitting held on the 3rd March, 1959. In the absence of Prof. N. G. Ranga, Chairman, P.A.C., Shri H. C. Dasappa was chosen to act as Chairman for that sitting in terms of sub-rule (3) of Rule 258 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition).



## CHAPTER I

### FINANCIAL RESULTS OF THE GOVERNMENT OF HIMACHAL PRADESH DURING THE YEARS 1954-55, 1955-56 AND 1956-57 (1ST APRIL TO 31ST OCTOBER, 1956).

1. The Government of Part C States (Amendment) Act, 1954 introduced an important change in the budget of the Part C States. With effect from 1st October, 1954 the scope of the Consolidated Fund of Himachal Pradesh was enlarged to include transactions relating to 'Capital' and 'Loans and Advances'. A Contingency Fund with an initial contribution of Rs. 10 lakhs was also constituted for the purpose of meeting unforeseen expenditure including expenditure on 'New Services' not contemplated in the Annual Financial Statement pending authorisation of such expenditure by Legislature. Another important event affecting the financial structure of the erstwhile State of Himachal Pradesh which took place during the year 1954-55 and resulted in an increased revenue expenditure was the merger of the Bilaspur State with the Himachal Pradesh with effect from the 1st July, 1954.

2. The following statement compares the total grant and appropriations with the actual expenditure during the two years only, viz. 1954-55 and 1955-56. In the present review, however, no comparison has been made between the figures for the pre-reorganisation period (from the 1st April, 1956 to 31st October, 1956) which are for 7 months only and those relating to the preceding two years which are for whole years.

(In lakhs of rupees)

	1954-55			1955-56		
	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure
1	2	3	4	5	6	7
<i>Voted</i>						
Expenditure met from Revenue .	332.36	395.94	337.16	425.08	480.03	424.78
Expenditure met from Capital .	.	107.94	58.17	149.22	219.78	167.82

	1	2	3	4	5	6	7
Disbursements of Loans and Advances	..		27.02	3.99	0.11	17.72	12.92
<b>TOTAL VOTED</b>	<b>332.36</b>	<b>530.90</b>	<b>399.32</b>	<b>574.41</b>	<b>717.53</b>	<b>605.52</b>	
<i>Charged</i>							
Expenditure met from Revenue		2.65	2.84	1.71	3.29	3.55	3.49
Expenditure met from Capital	..	..	..	..	..	..	..
Disbursements of Loans and Advances	..	..	..	..	..	0.20	4.08
<b>TOTAL CHARGED</b>	<b>2.65</b>	<b>2.84</b>	<b>1.71</b>	<b>3.29</b>	<b>3.75</b>	<b>7.57</b>	
<b>TOTAL EXPENDITURE MET FROM REVENUE</b>	<b>335.01</b>	<b>398.78</b>	<b>338.87</b>	<b>428.37</b>	<b>483.58</b>	<b>428.27</b>	
<b>TOTAL EXPENDITURE MET FROM CAPITAL</b>	<b>..</b>	<b>107.94</b>	<b>58.17</b>	<b>149.22</b>	<b>219.78</b>	<b>167.82</b>	
Disbursements of Loans and Advances	..	27.02	3.99	0.11	17.92	17.00	
<b>GRAND TOTAL</b>	<b>335.01</b>	<b>533.74</b>	<b>401.03</b>	<b>577.70</b>	<b>721.28</b>	<b>613.09</b>	

The following statement compares at a glance the savings in Voted Grants and charged appropriations from the year 1952-53 to 1955-56.

(In lakhs of rupees)

Year	Final Grant and Appropriation (Combined)	Savings	Percentage of Savings
	Rs.	Rs.	
1952-53	2.72	33	12.11
1953-54	3.20	48	14.94
1954-55	5.34	1.33	24.86
1955-56	7.21	1.08	15.00

*Excesses Over Voted Grants:*

3. The following table shows the excesses over individual Voted grants during the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956).

Serial No.	Number and Name of Grant	Final Grant	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1954-55				
1.	7—Other Taxes and Duties	1,000	1,705	705
2.	12—Scientific Departments	2,000	2,013	13
3.	21—Other Civil Works	49,36,000	72,39,710	23,03,710
4.	26—Stationery and Printing	3,69,000	3,71,132	2,132
5.	39—Capital Outlay on Electricity Schemes	1,81,000	2,13,384	32,384
1955-56				
1.	I.—Land Revenue	11,22,000	11,38,746	16,746
2.	9—General Administration	30,73,600	30,77,964	*4,364
3.	22—Other Civil Works	49,96,000	66,48,542	16,52,542
4.	26—Superannuation Allowances and Pensions	1,10,000	1,37,234	27,234
5.	27—Stationery and Printing	4,22,000	4,24,145	*2,145
6.	33—A Capital Outlay on Industrial Development	..	5,50,000	5,50,000
7.	35—Capital Outlay on Electricity Schemes	22,88,000	36,98,194	14,10,194

*Excesses Over Charged Appropriations*

The following statement shows the excesses over individual charged appropriation during the year 1955-56 :

Serial No.	Name and Number of the appropriation	Final Appropriation	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1.	9—General Administration	1,71,400	1,71,952	552
2.	Charges on account of Repayment of Debts	20,000	4,08,458	3,88,458

The Committee recommend that the above noted excesses may be regularised by issue of an appropriate order by the President under Section 72 (2) of the States Reorganisation Act, 1956.

\*The excess of Rs. 2,145 occurred under Grant No. 27—Stationery and Printing on account of mis-classification of expenditure amounting to Rs. 2,298 drawn by a Deputy Commissioner for local purchase of stationery under the head 56—Stationery and Printing while in fact this expenditure should have been debited to the head 'Contingencies' under the head 25—General Administration. (F—District Administration) Actually there had been an excess of Rs. 6,662/- (Rs. 4,364 + Rs. 2,298) under Grant No. 9—General Administration; and the excess of Rs. 2,145 under Grant No. 27—Stationery and Printing would be converted into a saving of Rs. 153.

4. The Committee will now proceed to discuss the excesses relating to the year 1956-57 (1st April, 1956 to 31st October, 1956). The reasons leading to the excess in each of the cases have been given in the statement furnished by the Ministry of Home Affairs (Appendix II).

*Excesses Over Voted Grants:*

Serial No.	Number and Name of Grant	1956-57 (1st April to 31st October 1956)		
		Final Grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
1.	Capital Outlay on Improvement of Public Health	..	50,148	50,148
2.	36—Capital Outlay on Electricity Schemes	31,30,000	33,15,018	1,85,018
3.	38—Payment of Commuted value of Pensions	3,000	8,990	5,990

*Appropriation Accounts 1956-57 (1st April to 31st October, 1956)—Capital Outlay on Improvement of Public Health—Excess Rs. 50,148.*

5. In this case the excess has been due to failure to make necessary provision of funds in the Budget Estimates for the execution of the Scheme for Improvement of Public Health. The Administration intended to obtain a supplementary grant for this purpose but before this could be done, the Reorganisation of States from the 1st November, 1956 took place. While the Committee appreciate the difficulty in this case, they would like to point out that the Administration had not obviously satisfied itself before sanctioning this expenditure, whether provision for this existed in the budget. They would, therefore, draw attention to the importance of impressing upon the actual disbursing officers, the necessity for obtaining funds either by supplementary grants or by advance from the Contingency Fund before incurring expenditure.

Subject to the above observations, the Committee recommend that the excesses may be regularised by Parliament in the manner prescribed in Article 115(1) (b) of the Constitution.

## CHAPTER II

### BUDGETING AND Control over Expenditure

#### I. 1954-55

6. *Voted.*—In the year 1954-55, savings aggregating Rs. 131·59 lakhs occurred in 33 of 40 voted Grants, the percentage of savings ranging from 6 to 88 in individual cases. Supplementary grants aggregating Rs. 1,99 lakhs were obtained which converted the excess into a saving of Rs. 1,31 lakhs (24·79 per cent. of the final grant). The supplementary grants were, therefore, largely unnecessary or excessive. Savings aggregating Rs. 1,54 lakhs were surrendered by the departments before the close of the year resulting in an overall excess of Rs. 22 lakhs *i.e.* 5·71 per cent of the final grant.

*Charged.*—In the charged section, there were savings in all the 3 appropriations aggregating Rs. 1·13 lakhs, the largest amount of Rs. 1·07 lakhs being under '28—Expenditure on Road and Water Transport Schemes' wherein the entire budget provision remained unutilised. The supplementary appropriation of Rs. 0·18 lakhs increased the percentage of saving over the final appropriation to 39·78. Savings totalling Rs. 0·08 lakhs were surrendered by departments before the close of the year reducing the percentage to 38·11.

There were 10 cases involving substantial amounts where the supplementaries obtained during the year proved to be unnecessary or excessive. In 12 such cases savings were not surrendered in time.

#### VOTED AND CHARGED

Taking together the charged and voted sections, there was a net saving of Rs. 1,33 lakhs, *i.e.*, 24·86 per cent.

There were 5 cases of excesses over Voted Grants involving a total excess of Rs. 23·39 lakhs as shown in para 3.

#### II. 1955-56

7. *Voted.*—In the year 1955-56, savings occurred in 34 out of 41 Voted Grants, the percentage of savings ranging from 7 to 79. Supplementary Grants aggregating Rs. 1,43·12 lakhs were obtained which converted the excess into a saving of Rs. 1·12 lakhs *i.e.* 15·61 per

cent. of the final grant. The supplementary grants were, therefore, largely unnecessary or excessive.

Savings aggregating Rs. 1,46.75 lakhs were surrendered by the Department before the close of the year resulting in an overall excess of Rs. 34.75 lakhs i.e. 4.84 per cent of the total grant.

*Charged.*—In the charged section, there was an excess aggregating Rs. 3.82 lakhs.

The supplementary appropriation aggregating Rs. 0.46 lakhs reduced the overall excesses to 101.64 per cent of the final appropriation. Savings totalling Rs. 0.03 lakhs were surrendered by the Department before the close of the year increasing the percentage to 102.34.

#### VOTED AND CHARGED

Taking together the charged and voted sections, there was a net saving of Rs. 108.19 lakhs, i.e. 15.00 per cent.

As explained in para 3 of Chapter I, there were 7 cases of excesses over Voted Grants involving a total excess of Rs. 36.63 lakhs and 2 cases in Charged Appropriations involving Rs. 3.89 lakhs.

There were 5 cases involving substantial amounts of unnecessary or excessive supplementaries and 15 cases of non-surrender of savings in time.

#### III. 1956-57 (1st April, 1956 to 31st October, 1956)

8. As no separate budget grants/appropriation were made for the pre-reorganisation period (i.e. 1st April, 1956 to 31st October, 1956) and the expenditure had been accounted for against the estimates sanctioned for the whole of the year, 1956-57, detailed Appropriation Accounts for this period have not been compiled. However, as explained in para 3, there were 3 cases of excesses over grants involving a total excess of Rs. 2.41 lakhs during the period under report.

9. *The results disclosed in the foregoing paragraphs lead the Committee to the conclusion that the budgeting and control over expenditure in the Himachal Pradesh Administration left much scope for improvement. Unnecessary supplementary grants and excessive surrenders reflect the absence of proper control over expenditure. Such ineffective control immobilizes large funds which could have been utilised elsewhere. This may hamper the progress of planned development. Under the new set up of the Administration conse-*

quent upon the Reorganisation with effect from 1st November, 1956, the Committee trust that the Ministries of Home Affairs and Finance will exercise proper vigilance and check in the matter and ensure that the development of the Union Territory of Himachal Pradesh does not suffer through bad budgeting.

10. The Committee now refer to some specific cases concerning the various Departments of the Administration in which over-budgeting and laxity in control over expenditure were noticed.

- (i) *Appropriation Accounts, 1955-56—Pages 179—182—Grant No. 31—Community Development Projects, National Extension Service and Local Development Works.*

There was a saving of Rs. 20·17 lakhs nearly 37 per cent out of the final grant of Rs. 54·33 lakhs. The supplementary grant of Rs. 11 lakhs obtained during the year was unnecessary, as even the original grant of Rs. 43·33 lakhs was not fully utilised. The saving has been attributed to non-execution of certain irrigation, communication and other works on account of less public participation, conversion of National Extension Service Blocks into Community Project Blocks, non-availability of technical personnel, etc.

In evidence, the representative of the Community Development Department (Himachal Pradesh Administration) stated that the previous procedure of 'schematic budget' under which provision was made for loans to private parties for execution of minor irrigation works but which could not be utilised by the people because of inadequate return to pay off the debts, was defective. This had since been revised. The private parties were now offered loans if they desired, otherwise the money was spent departmentally on the schemes, on an undertaking from the private parties that the cost would be paid back by the people in the form of betterment levies.

While the Committee appreciate that non-utilisation of the provisions made for loans was beyond the control of the Administration, they are at a loss to understand the need for a supplementary grant when even the original grant could not be fully utilised. The Committee would suggest that the latest figures of actuals should be carefully studied before a decision is taken to approach legislature for a supplementary demand. In their opinion, it militates against the effectiveness of parliamentary control if the Legislature is asked to vote unnecessary supplies.

(ii) *Appropriation Accounts, 1954-55—Grant No. 32—Capital Accounts of Civil Works Outside the Revenue Account.*

There was a saving of Rs. 28·97 lakhs i.e. 48·57 per cent. out of the final grant of Rs. 59·64 lakhs. The savings have been attributed to non-completion of certain works for want of sanctioned estimates, non-availability of sites, late receipt of sanctions, etc. Obviously the provisions for the schemes have been included in the budget prematurely. The Committee would draw attention to para 7 of their Eighth Report (Second Lok Sabha), according to which only schemes which have been worked out in detail and approved should be included in the budget estimates. The departments might ask for a small provision initially for schemes, which are likely to be finalised during the course of the year and come up for a supplementary grant subsequently.

(iii) *Appropriation Accounts 1955-56—Grant No. 32—Capital Outlay on Irrigation Works outside the Revenue Account.*

Out of the total grant of Rs. 48·42 lakhs, there was saving of Rs. 30·86 lakhs (63·75 per cent.) but the Department surrendered a sum of Rs. 33·75 lakhs which was injudicious. The saving has been explained as due to non-availability of technical staff and non-receipt of materials. The Committee feel that proper planning in advance could have resulted in more realistic estimates.

(iv) *Appropriation Accounts 1955-56—Grant No. 32-A—Capital Outlay on Improvement of Public Health.*

There was a saving of Rs. 8·57 lakhs or nearly 79 per cent of the grant of Rs. 10·90 lakhs, which was obtained wholly by means of a Supplementary Grant. The saving has been explained as due to late sanction of estimates and non-receipt of certain materials.

In evidence, the representative of the P.W.D., the executing agency for the water-supply schemes on behalf of the Public Health Department, stated that the P.W.D. was not consulted in this case before making budget provision therefor. The Finance Secretary (H.P.), however, stated that it was the practice to ascertain from the P.W.D. regarding its capacity to execute schemes in a year before provision therefor was included in the budget estimates. The Committee cannot help observing that lack of proper co-ordination between the Public Health and Public Works Departments was responsible for the savings in the present case. They trust that the practice referred to by the Finance Secretary will be strictly followed in future.



## CHAPTER III

### Important Observations on Individual Departments

11. The Committee shall now proceed to deal with some of the important points which they considered in the course of examination of the Accounts relating to the various Departments of the Himachal Pradesh Administration.

#### EDUCATION DEPARTMENT

##### *Para 15 of Audit Report, 1957—Withdrawal of money to avoid lapse of grant*

12. In an Office, a sum of Rs. 26,100 was withdrawn from a treasury on the 31st March, 1956 for making certain purchases. The whole amount was refunded into the treasury on the 9th April, 1956, as the purchases could not be effected.

The Committee were informed by the representative of the Education Department that in this case although the allocation of the grant was made to the District Inspector of Schools concerned in September, 1955, the financial sanction therefor was received towards the end of March, 1956, because of the complicated procedure followed in such cases. The District Inspector had actually made a telegraphic reference to the Education Department that the money might be treated as surrendered, as he could not make purchases before the close of the financial year. But the Deputy Director in the Education Department advised him to withdraw and disburse the money before the 31st March, 1956 in view of the fact that schools in that district were not properly equipped. *The Committee are not at all convinced with the explanations given for the delay in sanctioning funds in this case.* They learnt that no disciplinary action had been taken against the Deputy Director concerned, as he had been transferred to the Himachal Pradesh Territorial Council. At the instance of the Committee action has, however, been initiated by the Administration to draw up disciplinary proceedings against the officer. *The Committee would like to know the action taken against this officer.*

13. The Committee observe from a note (Appendix III) furnished by the Ministry of Home Affairs that this officer, who had been appointed as Deputy Director on 1st June, 1953, continued without

the approval of the U.P.S.C. till April, 1957 when he was rejected by the Commission for that post. In August, 1957, his services were transferred to the H.P. Territorial Council for the post of the Chief Education Officer (an equivalent post) for an initial period of six months following the constitution of the Territorial Council for which period the Administration was competent to appoint Principal Officers, pending appointments to be made by the Council. *The Committee deplore the action of the Administration firstly in continuing the officer for 4 years on the post without referring the matter to the U.P.S.C. for approval and secondly in appointing him to an equivalent post in the Territorial Council after he had been rejected by the U.P.S.C. They deprecate such attempts to by-pass or circumvent the U.P.S.C. The Committee, therefore, desire that a proper enquiry be instituted into the circumstances leading to his initial appointment, his continuance in service without approval of the U.P.S.C. and appointment in the Territorial Council and a report sent to them in due course.*

14. *The Committee would emphasise that withdrawal of money on the last day of the financial year when it was not required for immediate disbursement was irregular and contrary to rules. Although the Committee had been assured that necessary instructions had been issued to all Departments in the Administration to avoid such errors, they would nevertheless observe that the withdrawal of funds from the Treasury in advance of actual requirements is an irregularity, which may eventually lead to loss, if not to fraud and should be severely dealt with.*

Note 5—Page 69 of Appropriation Accounts 1955-56—*Overpayment of grants-in-aid.*

15. Out of Grants-in-aid amounting to Rs. 11,256 sanctioned by the State Government to certain lower middle and primary schools on the basis of recommendations received from the respective District Inspectors of Schools, a sum of Rs. 1,792 was paid to the schools in excess of what was actually admissible under the terms of sanction.

In evidence, the representative of the Education Department stated that a departmental scrutiny disclosed that in the case of four schools out of seven to which the amount under objection by audit related, there had been no overpayment. Only the procedure of calculating the grant was not correctly explained to the auditors at the time of audit. In the fifth case, the excess payment was due to a special grant for building and equipment which was permissible under the rules. In the remaining two cases, the Department was

not sure whether the excess payments were in the nature of special grants and these were being referred to Audit for scrutiny. If these turned out to be excess payments, the amounts overpaid would be recovered from the schools concerned and action taken against the officers responsible.

*The Committee would like to know the final outcome of the scrutiny into these two cases. The Committee would also suggest that in order to avoid confusion in accounts about the special and other grants made to the schools and their proper utilization, separate sub-heads might be opened in the Accounts in consultation with Audit.*

#### HEALTH DEPARTMENT

*Page 185, Appropriation Accounts 1955-56—Grant No. 32-A—Capital Outlay on Improvement of Public Health.*

16. In this case, the Committee's attention was drawn to the slow progress in the execution of the National Water Supply and Sanitation schemes for the rural areas in the Himachal Pradesh Territory. From a note (Appendix IV) furnished by the Ministry of Home Affairs, the Committee understand that out of 38 works sanctioned in the year 1954-55, only 6 have since been completed (one in 1956-57 and five in 1957-58) and the rest were stated to be still in progress.

In evidence, the representative of the Health Department stated that though these schemes were under the administrative control of his Department, the actual execution of the schemes including the preparation of estimates, determining the sources of water, etc., was the responsibility of the Public Works Department. The Health Department only indicated to the P.W.D. the places where water supply was required, while the latter determined the priorities for execution of the schemes *vis-a-vis* other schemes handled by it. The representative of the Home Ministry stated that in order to expedite the execution of minor water supply schemes upto a certain limit of expenditure it was proposed to set up a separate engineering wing in the Health Department. The larger works would, however, continue to be handled by the P.W.D. An additional Chief Engineer had been appointed at the Centre to co-ordinate the works undertaken by the P.W.D. in different Union Territories, and this step, the Committee were assured, would expedite the execution of works done by the P.W.D.

17. Explaining the reasons for delay in the execution of the water supply schemes by the P.W.D., the Chief Engineer of the Administration stated that in certain cases the interests of the Health and Irrigation Departments clashed in tapping sources of water supply for drinking or irrigation purpose, as the source of water supply scheme was mostly from springs which also had to provide water for irrigation and they were, therefore, unable to tap those sources independently. Secondly, there was a lack of skilled personnel and rapid means of communications in the area. Most of the equipment had either to be carried on head-loads or on mules to the site of water supply projects which were mostly located on the hill-tops. Another problem that affected the progress of these water supply schemes was stated to be the reluctance on the part of the people, who were benefited by these schemes to contribute the percentage of the Capital cost of the scheme viz. 12½ per cent. in rural and 25 per cent. in urban schemes and interest thereon, as enjoined by the Himachal Pradesh Water Supply Act, 1956. *The Committee would suggest that the Government should examine the feasibility of recovering the villagers' contribution to the cost of the schemes in the form of manual labour where because of lack of resources they are unable to pay in cash.*

#### CO-OPERATIVE DEPARTMENT

*Page 14—Para 17 of the Audit Report, 1957—Withdrawal of money to avoid lapse of grant.*

18. A sum of Rs. 75,000 was withdrawn from the treasury in March, 1956 for construction of a godown and placed under Public \*Works Deposits. The work was under the administrative control of the Civil Department and the provision for it was made in the civil grant concerned. According to Audit, the correct procedure was to classify the expenditure under Public Works Remittances and to adjust it finally by book transfer under the relevant civil grant. Apparently, the withdrawal of money towards the close of the year was to avoid lapse of funds as the work was not started. Ultimately the scheme was not executed and the money had to be refunded into the treasury in February, 1957.

In evidence, it was stated that the work formed part of the pilot project for the construction of godowns, purchase of trucks, etc., which was to be financed from the funds amounting to a total of

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\*The term "Deposit works" is applied to works the cost of which is met, not out of Government funds, but out of funds from non-Government sources, which may either be deposited in cash or otherwise placed at the disposal of the Divisional Officer [Vide para 4(14) of Central Public Works Account Code].

Rs. 7.20 lakhs allotted by the Planning Commission during the year 1955-56—the last year of the First Five Year Plan. The approval of the Planning Commission was received in November, 1955 but it remained under correspondence till the end of the year. The Co-operative Department was eager to put through the scheme although the P.W.D. had expressed its inability to spend the entire provision of Rs. 75,000 within the financial year. Initially, the Chief Engineer had suggested to treat this work as Remittance work to be executed on behalf of the Co-operative Department and to be ultimately adjusted by the Accountant General in his books. But since the work could not be executed during the financial year, they were advised to place the money under 'Deposit' with a view to avoid lapse of funds. According to Audit, at the time of withdrawal of money even land for building had not been acquired. When the Accountant General objected to the money being kept under Deposit, the money was refunded into the Treasury. As regards the disciplinary aspect of the case, the Committee were informed that written warnings had been given to four officials responsible for the irregularity. It was admitted that non-construction of the godown had affected the scheme slightly.

*The Committee note that the irregularity which occurred in this case was mainly due to wrong interpretation of the Rules both on the part of the Co-operative Department and the Public Works Department, but they would stress that such lapses should be taken more serious notice of than has happened in this case.*

Page 112, Note 3, Appropriation Accounts 1955-56—Remission of Revenues.

19. An amount of Rs. 1,150 representing the Audit fees assessed for 19 co-operative societies for the year 1954-55 was remitted by the competent authority owing to the weak financial position of the societies.

The Committee were informed that whenever there were losses disclosed in the working of the societies, the Administration allowed remission of audit fees. *The Committee would suggest that steps should be taken to amalgamate such of the co-operative societies into larger units as are not economically sound.*

## II. Co-operative Movement in Himachal Pradesh

20. The Co-operative Movement in the Territory of Himachal Pradesh was introduced on systematic lines only after amalgamation of the various erstwhile small States in the year 1948. A

number of Co-operative Societies out of 663 inherited from the erstwhile states, lacked even the minimum statutory membership of 10 and the members enrolled had not in many cases contributed more than Re. -|8|- as their share. Besides, there was not proper account-keeping, no definition of areas of jurisdiction and no adequate arrangements of audit. The slow progress of the movement in the Administration has been attributed to most of the time taken to reorganise these inherited societies after merger.

21. The following table shows the position regarding the number of societies, membership and working capital for the years 1954-55, 1955-56 and 1956-57:

Year	Total No. of Societies	Total No. of Members	Working Capital (in lakhs of rupees)
1954-55	700	42,649	106.93
1955-56	754	50,949	141.03
1956-57	787	58,239	154.61

These Societies include Agricultural and non-Agricultural Credit Societies, Agricultural and Non-Agricultural Multi-purpose Societies, Marketing Societies, Industrial Co-operative Societies, Agricultural and non-agricultural Primary Societies, etc.

22. *Co-operative Credit*.—The Himachal Pradesh State Co-operative Bank, Limited, with its 13 branches and one pay office (in and outside H.P.) is the apex financing agency within the territory of H.P. and is engaged in providing banking and other co-operative credit facilities. With the apex Co-operative Bank at the top, the various thrift and credit societies and multipurpose societies are functioning as channels for supply of credit to Members. The Bank was formed after amalgamation of the various Central Co-operative Banks and a Commercial Bank existing before amalgamation of the smaller States.

The share capital of the Bank stood at Rs. 10,74,700 as on 31st December, 1957 of which the Administration has subscribed Rs. 8 lakhs and the rest is held by the Co-operative Societies and individuals. The Bank's deposits stood at Rs. 53,07,370 as on the 31st December, 1957 of which a sum of Rs. 5,24,762 was from the Co-operative societies.

23. The loans from the Bank to the Co-operative Societies stood at Rs. 26,46,653 as on 31st December, 1957 as against Rs. 9,08,252 as on 30th June, 1955. Loans to individuals which stood at Rs. 23,58,271 as on 30th June, 1956 (inherited from the erstwhile bank of Sirmur integrated in February, 1955) were reduced to Rs. 22,70,577 by the 31st December, 1957. The figure of the debts considered bad and doubtful was of the order of Rs. 1,33,339 (not provided for) and the Bank authorities were taking arbitration and execution proceedings against the individuals concerned.

The Committee understand that fresh advances to individuals have been stopped by the Bank and the Bank would progressively change over completely to co-operative business. *The Committee desire that all-out efforts should be made to reduce the outstanding dues from the individuals.*

24. The present rate of lending by the Bank from its own sources is 6 per cent. while the credit and multipurpose agricultural and non-agricultural societies charged about 9 per cent. on their lendings. The Committee understand that the Bank has now applied for a short term loan of Rs. 3 lakhs instead of Rs. 14 lakhs as originally allowed from the Reserve Bank of India for financing agricultural operations, for the grant of which the Government of India are required to stand guarantee for repayment. The matter is stated to be still under correspondence between the Government of India and H.P. Administration. *The Committee desire that the Government of India should come to an early decision in regard to guaranteeing the loan from the Reserve Bank of India, as cheap credit available from the Reserve Bank would enable the Himachal Pradesh Co-operative Bank to reduce its rate of interest on its lendings to the Credit Societies and also enable it to provide cheap credit to the agriculturists.*

25. *Co-operative Enquiry Committee.*—The Government of Himachal Pradesh set up a Committee in 1955 consisting of both officials and non-officials to examine the working of the Co-operative Movement in all its aspects and to advise the Government for adopting ways and means for its proper and efficient working. The first Chairman of the Committee who had circulated a questionnaire on the working of the movement, resigned for reasons of ill-health in March, 1956. The Second Chairman, an I.C.S. Officer from West Bengal Cadre, was appointed in December, 1956. The Committee under the second Chairman also issued a supplementary questionnaire and examined 13 witnesses but the draft report prepared by the Chairman could not be approved by the Committee due to short notice given to Members for its consideration. The draft report

itself was circulated by the Chairman to the Members of the Committee on 13th December, 1957 the last day of his term of office. Two meetings were held to consider it. The draft report signed by the Chairman was handed over by him to the Secretary of the Committee on the 16th December, 1957 after his term expired on 13th December, 1957 which had been treated as his note. The Committee were informed that 3 of the 4 non-officials members of the Committee also subsequently submitted notes explaining their general agreement with the Report and desired that these notes might be treated as their report.

*The Committee are distressed at the halting manner in which the matter had been dealt with both by the Enquiry Committee and the Administration. The first Committee held only 3 meetings. Though the second Chairman had been appointed in December, 1956, no meeting was held upto the 12th August, 1957 and the work was rushed through towards the end of the term of the Chairman. Further, during his tenure of one year, the second Chairman remained away in West Bengal for a period of about three months.*

As for the Administration certain Departments including the Co-operative Department did not reply to the questionnaire circulated by the Committee. The Registrar of Co-operative Societies and Development Commissioner, H.P. who were the official members of the Committee did not attend six and eight sittings of the Committee, respectively, out of 26. Further the Registrar of the Co-operative Societies and the representative of the Ministry of Food and Agriculture on the Committee who were required by the Committee to prepare their notes independently for the consideration of the Committee along with the draft Report prepared by the Chairman did not submit any note.

26. The Committee understand from a note (Appendix V) that a new Chairman (an I.C.S. officer) has since been appointed to complete the enquiry. *The Committee feel that it would have expedited matters had the second Chairman, whose term expired on the 13th December, 1957, been given some extension of time for finalising the draft Report prepared by him and submitting it to the Administration. Such a course would have avoided an enquiry into the matter de novo by the new Chairman.*

*The Committee would like to know, in due course, of the recommendations made by the Committee and action taken thereon by the Himachal Pradesh Administration.*



## CIVIL SUPPLIES DEPARTMENT

*Page 12, Para 16—Audit Report 1956—Loss in disposal of Wheat:*

27. 2,500 maunds of wheat were purchased by the Department at the rate of Rs. 18/3/6 per maund during the period of control on foodgrains in December, 1953 and January, 1954 on an indent of a **private firm of contractors** who agreed to lift the entire stock by June, 1954. The firm, however, lifted only 1376 maunds of wheat upto 4th March, 1954, and refused to lift the balance as prices had fallen as a result of decontrol in May, 1954. The Department took over a year to arrive at a decision to dispose of the stock which was eventually sold in July, 1955 at Rs. 8 per maund. The market rates were Rs. 17/8/- per maund in November, 1954 and Rs. 13/8/- per maund in January, 1955. There was thus a loss of Rs. 11,485, which according to Audit would have been much less had the stock been disposed of earlier. In the absence of a written agreement with the firm loss could not be recovered from it. Nor was any security taken from the firm against which the loss could have been set off.

28. In evidence, it was explained that the contractor had many transactions with the Forest Department and in accordance with the practice followed in the erstwhile Chamba State during the pre-merger period, no written agreement was entered into with him. Further, a regular agreement with him would have meant fulfilment by Government of his full demands at a time when even Government's own requirements were difficult to be met. *The Committee are rather surprised that even after merger of the erstwhile States, the old practices should have been allowed to continue. As regards the second reason, the Committee do not consider it insurmountable as Government could have either entered into an agreement with the contractor after the entire supplies were available by January, 1954 or could have provided in the contract for supply of foodgrains to the contractor in instalments.*

To a question how it took the State Government more than a year to decide to dispose of the stock after the contractor had refused to lift the stock because of a fall in prices on decontrol, the Finance Secretary told the Committee that the Department had in the first instance represented to the Central Government that decontrol at that time when large stocks were lying with the Administration would result in considerable loss. The reply was received after three months. The matter then was referred to the Law Department for opinion whether the transaction with the contractor could be treated as a contract in law binding the contractor to lift the remaining supplies, but the Law Department replied in January, 1955 that in the absence of a formal agreement the contractor could not be asked to accept the supplies.

*The Committee are surprised at the routine manner in which the case had been handled by the Administration. Even assuming that the contractor's liability was indeterminate, the first act should have been to dispose of the stock as quickly as possible as the market was falling consequent on decontrol. If his legal liability was subsequently established, he could have been debited with the difference in cost. The Committee cannot help observing that the officers handling this deal betrayed lack of common business prudence.*

LAND REVENUE DEPARTMENT

Page 25, Note 4—Appropriation Accounts 1955-56—Grant No. 1—  
Land Revenue

29. In this para, the Committee's attention has been drawn to the fall in receipts on land revenue from Rs. 20·99 lakhs in 1951-52 to Rs. 18·90 lakhs in 1955-56 (by 10%) and an increase in expenditure from Rs. 5·98 lakhs in 1951-52 to Rs. 11·39 lakhs in 1955-56 (by 91%) and the expenditure on the Department was over 60% of the gross revenue in 1955-56.

In evidence, the representative of the Ministry of Home Affairs informed the Committee that the expenditure on the Department included, besides collection charges, the cost of settlement operations undertaken in the Chamba district which progressively increased from Rs. 25,903 in 1951-52 to Rs. 4,10,912 in 1955-56. The cost on settlement operations depended on the programme for each year and increased progressively with the advancement of the operations. Settlement operations in terrain like that of H.P. were also costlier than in plains because of difficulties in mapping and the other work and payment of more wages to the staff employed for the purpose. The decrease in receipts was attributed to rationalisation of higher rates of land revenue previously charged by the Rulers of erstwhile States which was only partly offset by removal of certain concessions and exemptions granted to some class of people. The purpose of settlement, it was stated was to make fair and just assessment of land revenue and re-construction of proper records of land.

30. The Committee understand from a note (Appendix VI) furnished by the Ministry of Home Affairs that the expenditure on the Land Revenue Department increased to Rs. 12,01,732 in 1956-57 and to Rs. 14,47,845 in 1957-58 of which the cost of land settlement accounted for Rs. 3,96,815 and Rs. 4,72,465 respectively. The Committee note that the settlement operations in Chamba were expected to be completed by the middle of November, 1958. The Committee further learn that it is proposed to take up the settlement operations

in the Mandi District which might take 6 years for completion and involve a cost of Rs. 28 lakhs. The question of undertaking settlement operations in other Districts would be taken up after the settlement operations in Mandi District have been completed. In this way, it is likely to take about 25 years more to complete settlement work in Himachal Pradesh.

*The Committee feel that for a State like the Himachal Pradesh with only five districts for completing a cycle of settlement operations, a smaller nucleus staff should be engaged. This will enable the Administration to reduce the cost of settlement operations which at present bears a high proportion to the land revenue collection charges. Another advantage in having a smaller settlement staff would be that it would not create the problem of retrenchment in the settlement staff where the operations cycle is complete.*

#### STAMPS

*Pages 27-28—Appropriation Accounts, 1954-55 and Pages 29-30—Appropriation Accounts, 1955-56—Store Accounts of State Stamps.*

31. According to Audit Report, certain stocks of obsolete surplus stamps inherited from the erstwhile Indian States had been lying in the treasuries and the question of their destruction was under consideration. Further the entertainment duty stamps valuing Rs. 52,054 were obtained during the year 1955-56 in spite of the previous balance in hand of Rs. 3,97,643, whereas sales during the year were of order of Rs. 43,347.

The Committee understand from a note (Appendix VII) that the matter regarding destruction of surplus obsolete judicial and non-judicial stamps inherited from the erstwhile States and also Georgian Stamps held in stock, has been taken up by the Administration with the Government of India. *The Committee are glad to note that their suggestion to retain some specimens of these stamps that are of historical interest for being placed in the National Archives of India, has been accepted by the Government.*

32. With regard to the surplus stock of entertainment duty stamps, the representative of the Ministry of Home Affairs admitted in evidence that these had been ordered in the past without reference to actual requirements. The stock included a number of stamps of the denominations not commonly in use and new orders had to be placed for stamps for the denominations required. The Committee understand from a note (Appendix VII) that the stock of these stamps has come down to Rs. 3,33,081.64 nP. on the 31st March,

1958 which included stamps of higher denominations (i.e. of annas 3 and upwards valuing Rs. 2,80,773.35 nP. or 84% which are not in common use). The Administration has since discontinued indenting for high denomination stamps from the Central Stamps Stores, Nasik till the present stock of such stamps is exhausted.

*The Committee regret to observe that in the past indents were placed without a realistic estimate of the requirements for the stamps of the various denominations based on the issues in the previous years. The Committee trust that in future large stocks of stamps will not be allowed to accumulate by the Administration.*

33. The Committee's attention was drawn to the following certificate of the Assistant Secretary (Revenue), Himachal Pradesh appended to Store Account of State Stamps for the year 1954-55 in spite of the surplus stocks of judicial and non-judicial and entertainment stamps held in stocks:

*"The closing balance of stock of stamps as on 31st March—1955 was not in excess of the normal requirements in any treasury of the Himachal Pradesh nor did it include any surplus or unserviceable stores".*

*The Committee were surprised at the perfunctory manner in which the certificate had been given. In the course of examination, the Committee stressed that the officers responsible for signing a wrong certificate should be suitably dealt with. The Committee understand from a note furnished to them (Appendix VII) that the Under Secretary (Revenue) signed the certificate on the basis of the certificates received from the Deputy Commissioners and a Treasury Officer. The officers concerned have since been issued a warning to ensure that in future the correct position is stated in the certificates issued by them.*

#### PUBLIC WORKS DEPARTMENT

*Page 11—Para 15—Audit Report, 1956—Execution of Works without sanctioned estimates.*

34. The Audit para disclosed that 543 works valuing Rs. 38.95 lakhs were started by the P.W.D. during the year 1954-55 without getting the detailed estimates sanctioned. In the years 1952-53 and 1953-54, the number of such works was 156 (valuing Rs. 13.31 lakhs) and 440 (valuing Rs. 35.70 lakhs), respectively. According to Audit, despite the instructions issued by the Chief Engineer on the 2nd June, 1956 that no work should be started without detailed sanctioned estimates, 975 works had been started without detailed estimates upto April, 1958.

In evidence, the Chief Engineer, P.W.D., Himachal Pradesh, stated that except for certain emergent works which necessitated relaxation of the codal formalities of prior detailed sanctioned estimates (of para 58 of the C.P.W.D. Code), all other works were now started after getting the detailed estimates sanctioned. The Committee understand from a note (Appendix VIII) that all the works referred to in the Audit para were of an emergent nature. *The Committee, however, desire that whenever an emergent work is started without sanctioned estimates, Audit should be apprised of the position. The Committee would also like to know the number of non-emergent works, if any, which were started without fulfilling the codal formality of detailed sanctioned estimates after the issue of instructions by the Chief Engineer in June, 1956 and the action taken against the officers concerned for disregard of rules.*

*Page 132-33 of Appropriation Accounts, 1954-55 and pages 146-147 of Appropriation Accounts, 1955-56—Stores Accounts and stock verification*

35. Physical stock verification in certain divisions has not been conducted during the year 1954-55 and 1955-56. The Himachal Pradesh Public Accounts Committee (now defunct) had recommended in paras 17 and 24 of the First and Second Reports that the store Accounts and Stock verification be brought up-to-date. The Chief Engineer stated in his evidence that the work was still in arrears. The Committee understand from a note (Appendix VIII) submitted to them that the Chief Engineer issued instructions in June, 1958 to complete the stock verification within three months. *The Committee would like to be furnished with a report on the amount of surpluses and deficiencies disclosed as a result of the stock verification and how these have been reconciled.*

#### STORES ACCOUNTS

36. The Committee also note that a special party has been recently constituted to clear arrears in Store Accounts, which exist in almost all the Divisions. An Accounts Officer has also been posted in the office of the Chief Engineer. *The Committee are perturbed to observe that the position of store accounting in the P.W.D. continues to be unsatisfactory. The situation called for remedial measures to be taken much earlier. Stores are cash in another form. Their accountal, safe custody and verification are, therefore, of utmost importance. The Committee would like to know the progress made in this behalf by the P.W.D.*

37. Another disturbing feature which came to the notice of the Committee was overstocking in certain Divisions in the year 1954-55

and non-fixation of reserve limits for stocks in the year 1955-56. In the year 1954-55 against the stocks of the value of Rs. 41,42,207 the issues were only of the order of Rs. 18,37,816. The closing balance at the end of the year was in excess of the reserve limit in Mandi and Chamba Divisions by Rs. 3,61,055 and Rs. 47,831 respectively which needed regularisation. The Committee understand from the note referred to above that the excess over the reserve limit was due to receipt of material indented for in earlier years through the D.G.S. & D., and adjustment of unexpected debits in respect of materials already received. *The Committee feel that this is indicative of defective planning and lack of appraisal of the outstanding indents and liabilities.*

No reserve limit for stocks had been fixed even during the current financial year, as the necessary information has not been received from the Subordinate P.W.D. Offices. The Committee understand that for the fixation of reserve limits, proposals framed on the basis of the trend of actual receipt and issue of stores during the previous years and the anticipated work-load during the next year, are required to be submitted by the P.W.D. to the Finance Department before the commencement of the financial year for scrutiny and concurrence. But this procedure has not been followed in the past. *The Committee regret to observe that although efforts had been made to improve control over provisioning of Stores the real importance of watching the progressive stock balances had not been realised by some of the P.W.D. officers handling them. The Committee wish to stress that the fixation of the reserve limit for stocking of stores should as far as possible be done on realistic basis. Overstocking of stores not only immobilises funds but also leads to their deterioration and expenditure on care on maintenance.*

#### TRANSPORT DEPARTMENT

Page 168—Note—2, Appropriation Accounts, 1955-56—Losses.

38. The para referred to above disclosed two cases of mis-appropriation of Government money involving Rs. 1,139 which was written off. Explaining the background of the case, the representative of the Ministry of Home Affairs stated in evidence that four drivers of the H.P. Transport had embezzled the freight charges received by them for the goods booked on way and the irregularities came to light after some time when the Goods Receipts were checked by the Regional Transport Authority. They were prosecuted and sentenced by a court of Law to various terms of imprisonment and fines. It was, however, brought to the notice of the Committee by Audit that in a letter addressed to the Accounts Officer, the General

Manager, H.P. Transport Service had stated that the misappropriation had been facilitated by the contributory negligence of the Booking Clerks and Cashiers who at the time of receiving subsequent payments from the drivers failed to detect from the goods receipt books whether the previous amounts had been deposited by them. No action had, however, been taken against the staff at fault. *The Committee would urge that an enquiry should be made into this case again and the responsibility of the Booking Clerks and Cashiers fixed.*

*Page 1—para 3—Appropriation Accounts 1956-57 (1st April to 31st October, 1956).*

39. In this case, in a certain regional office of Himachal Transport Service, the Cash box containing a sum of Rs. 15,820 was stolen on the night between the 6th and 7th January, 1955. Three persons who were arrested and tried in this connection were sentenced by a court of Law in April, 1955 to rigorous imprisonment for 5 years and a fine of Rs. 2,000 each or in default to further imprisonment of six months. The cash had been kept in an ordinary box instead of in a heavy safe. According to Audit, a sum of Rs. 9,766 representing the cash and net proceeds of articles purchased out of the stolen cash has since been realised and credited into the treasury.

Explaining the reasons for keeping the cash in an ordinary cash box, the General Manager, Hmachel Pradesh Transport, stated that the safe in the Regional Office had been taken away for use in a Booking Office where the booking of the potato crop was going on. The Cash box which was 15"X12" in size and weighing about 10 seers was bodily removed by the thieves. Disciplinary action had been taken against the Chowkidar, Cashier and a clerk whose contributory negligence had caused the loss. The regional Manager was also censured. The question of writing off the balance of loss amounting to Rs. 6,054 had been referred to the Government of India. *The Committee suggest that necessary remedial measures should be taken by the Himachal Transport Service to prevent such losses of cash in the Regional and Booking offices in future. The question of providing the latter with 'built-in-safes' might also be examined. The Committee would also observe that as a precautionary measure large amounts of money should not be kept in cashchests without being properly and adequately guarded.*

#### FOREST DEPARTMENT

*Page 35—Note 5—Appropriation Accounts, 1955-56—Unrealised Forest Revenue.*

40. In this case, a sum of Rs. one lakh, representing forest revenue relating to the pre-merger period was outstanding against a contrac-

tor in the accounts of a forest division. Against these items a sum of Rs. 50,000 was deposited in March, 1948 by an agent of the contractor in the Imperial Bank of India (now State Bank of India) in the private account of the ruler of the erstwhile State. The Government of India after considering the legal aspects of the case, decided not to enforce the recovery either from the heirs of the late ruler or from those of the agent concerned and accorded sanction to the write off of the amount in question as one of the pre-merger irregularities in the finance and accounting system of the erstwhile State. As regards the balance of Rs. 50,000 the amount is yet to be recovered from the contractor.

Explaining the justification for writing off the amount of Rs. 50,000 that had already been paid to the ruler, the representative of the Ministry of Home Affairs stated that in regard to the settlement of accounts with ex-rulers, Government were guided by the principle that a liability of a private party to an erstwhile State was liquidated if the amount had been paid into the treasury of that State or to the Ruler before merger, but if it was outstanding, the amount became payable to the successor State. As regards recovery from an ex-ruler, the question of settlement of any amounts due to Government *vis-a-vis* his private property was part of a political settlement and not subject to ordinary rules. In this particular case, at the time of settlement with the ruler, this amount of Rs. 50,000 was regarded as his personal asset.

41. As regards the recovery of the balance of Rs. 50,000 due from the contractor in the present case, the Committee were informed that the contractor, had contended that this amount too had been paid by him to the ex-Ruler. The Committee understand from a note (Appendix IX) furnished to them that the contractor who was duly served with a notice had detailed a representative for tracing the remittance of second amount in the records of the treasury of the erstwhile State concerned but this could not be established. The Himachal Pradesh Administration proposed to resume the proceedings against the contractor in order to recover the outstanding amount.

*The Committee regret to observe that although more than 10 years have elapsed since the matter has been under dispute with the contractor, no effective measures had been taken by the Himachal Pradesh Government to recover the outstanding amount from the contractor. They desire that the matter should be pursued vigorously and they should be apprised of the final outcome of the proceedings against the contractor. The Committee also feel that the reasons for the inordinate delay in pursuing this case should be enquired into and disciplinary action taken against the officers concerned.*



Page 2. Para 4—Appropriation Accounts, 1956-57 (1st April to 31st October, 1956) Losses under Grant No. 4—Forests.

42. The Committee's attention was drawn to the two cases of losses amounting to Rs. 2,201 and Rs. 1,159 referred to in this para on account of arrears outstanding against a contractor and shortage of timber respectively. In evidence, the Chief Conservator of Forests stated that in both the cases a Depot Clerk had misappropriated the amounts. The Depot Clerk had been convicted by a Court in another case of embezzlement and subsequently dismissed from service.

The Committee, however, learn from a note (Appendix IX) furnished to them that the misappropriation was facilitated as supervision over the Clerk by the then Divisional Forest Officer and the Range Officer concerned was slack and no physical verification of stocks was conducted. In 1950, a statement of allegations was prepared against the officers concerned for their contributory negligence but on reconsideration it was decided to pend the disciplinary proceedings against them, as it was felt that the starting of departmental proceedings at that stage against the officers concerned might prejudice the recovery proceedings against the parties to whom sale of timber had been made on credit. Meanwhile the Divisional Forest Officer died in 1952. The then Range Officer, who had since reverted as Forester was also dismissed on account of certain other charges against him but was reinstated subsequently as a Forester. It is not, therefore, proposed to take any further action against him.

*It is not clear to the Committee whether this officer was demoted in rank as a result of disciplinary action or reverted in the normal course. Nor have they been apprised why the officer was reinstated after having been dismissed from service on certain other charges. The Committee, therefore, desire to have this information made available to them.*

OUTSTANDING RECOMMENDATIONS OF THE HIMACHAL PRADESH, P.A.C.  
(Now Defunct)

Para 20 of the Second Report of Himachal Pradesh P.A.C.—Item No. 15 of the \*statement of outstanding recommendations.

43. The Committee note that as against a sum of Rs. 25,53,282 due to the Forest Department as on 1st April, 1956, a sum of Rs. 21,08,319 was still due for recovery. The Chief Conservator of Forests stated in evidence that a sum of Rs. 5 lakhs which was due

\* Appendix I—Vol. II

for recovery from the Punjab Government was under correspondence with the Government. Likewise a sum of Rs. 5 lakhs relating to securities of the late Bushahr State which was lying with the Raja Sahib of Bushahr was due for recovery and it was also under the consideration of the Administration. Two cases of outstandings against two contractors were expected to be settled during the current year.

*The Committee would emphasise that these old outstandings should be recovered expeditiously and a further report about the progress made in the matter submitted to them in due course.*

*Para 17 of the First Report of the Himachal Pradesh, P.A.C.—S. No. 1 of the Statement of outstanding recommendations\*.*

44. The Public Accounts Committee, Himachal Pradesh for the year 1954-55 had recommended that the forests should be departmentally exploited for extracting timber and other products to the maximum extent possible. In evidence, it was stated that the departmental exploitation in Chamba circle during the year 1957-58 had to be postponed under orders of Government. It was urged that it was not possible to undertake departmental exploitation owing to lack of experienced personnel and higher prices obtaining for standing trees. The representative of the Ministry of Home Affairs contended that some of the forests were inaccessible and therefore uneconomical to be exploited departmentally; and only the contractor could penetrate those forests for his own interest. On being pointed out that the contractors might be damaging the forests by indiscriminately felling the trees, the Chief Conservator of Forests stated that his staff kept a close watch over the activities of the contractors. Further the contractors who had control over the local labour could do the work better. *The Committee, however, feel that these difficulties are not insurmountable. In the interest of conservation of forests, scientific planning, and extraction of timber and other materials, the Committee reiterate the recommendation made by the late Himachal Pradesh P.A.C. that the Government of India might usefully examine the desirability for departmental exploitation of these forests.*

#### FINANCE DEPARTMENT

(i) Page 14—Para 20—Appropriation Accounts, 1954-55 and (ii) page 16—para 21—Appropriation Accounts, 1955-56.

45. During the year 1955-56, grants-in-aid to various institutions aggregating Rs. 18, 73, 040 were sanctioned by the State Government. Out of this amount, grants aggregating Rs. 11,69,415 were drawn in March, 1956.

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\*See Appendix I.

Explaining the reasons for non-drawal of more than 62 per cent. of the grants until the closing month of the financial year, the representative of the Finance Department (H.P.) stated that in a number of cases fulfilment of certain procedural details took a long time. In some cases, information regarding utilisation of the previous grants had to be called for or the grantees approached them late. *The Committee desire that instructions may be issued to the grantees to come up with their proposals early in the year so that the grants are drawn sufficiently early to be utilised for the purposes and not rushed through towards the close of the financial year.*

46. The Committee were informed that the rules to regulate payment of grants-in-aid had been framed in respect of two major Departments which sanctioned most of the grants. *The Committee trust that the rules for the other Departments will also be drawn up early. Further they desire that every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants sanctioned for specific purposes, the order should also indicate the time limit within which the grant or each instalment of it should be spent.*

Pages 13-14—Para 9—Finance Accounts, 1955-56 and page 16—para 22—Appropriation Accounts, 1955-56—Debt position.

47. The total debt liability of the Himachal Pradesh Government on the 31st March, 1956 amounted to Rs. 2,16.03 lakhs comprising loans taken from the Central Government against Rs. 67.02 lakhs as on 31st March, 1955. Of these, loans amounting to Rs. 20.92 lakhs were either repayable in equated instalments or repayable within a period of 18 months being short term loans. No amortization arrangements were considered necessary for these loans. In respect of the remaining loans amounting to Rs. 1,95.11 lakhs the terms and conditions of their repayment had not been intimated by the Government of India.

The total debt liability of Himachal Pradesh Government comprising of loans taken from the Government of India stood at Rs. 249.41 lakhs as on 31st October, 1956. With Himachal Pradesh becoming a centrally administered area with effect from the 1st November, 1956, the entire debt liability has been wiped off from the books of both the Himachal Pradesh Administration and the Central Government thus reducing the debt liability to 'Nil' on the 31st October, 1956.

48. The Committee could not get any convincing answer from the representative of the Finance Ministry for not laying down the terms and conditions of repayment and of the rate of interest on the loans advanced to the Himachal Pradesh Government prior to Reorganisation. They feel that with a view to having an appraisal of the economic working of the Union Territories, the question of maintenance of proforma accounts for the loans given to them by the Government of India and charging interest thereon should have been examined by the Ministry of Finance.

CHAPTER IV  
STATE UNDERTAKINGS

I—BILASPUR COMMERCIAL CORPORATION

*Pages 197—207—Appropriation Accounts, 1955-56*

49. The Bilaspur Commercial Corporation was established in the year 1948 under the Bilaspur Commercial Corporation Act of 2005 *Bikrami* (1948), with a view to arranging the regular, adequate and equitable distribution of essential commodities *viz.*, sugar, iron, steel and cement at fair prices to the people of the erstwhile State of Bilaspur which was integrated in Himachal Pradesh in 1954. Under the Act, the authorised capital of the Corporation was fixed at Rs. 5 lakhs which was to be subscribed in suitable instalments by Government as and when the Corporation put its demand for working capital for each year. The Corporation had no separate funds. Government provided funds to it for carrying on its business and the sale proceeds and profits were credited to the Government account.

On the integration of the Bilaspur State with the Himachal Pradesh in 1954, the Himachal Pradesh Government proposed to the Government of India to convert the Corporation into a District Co-operative Federation similar to those functioning in other districts of the State. The Government of India did not, however, agree to its conversion into a co-operative society but agreed to its winding up.

The Committee understand that the question of repeal of the Bilaspur Commercial Corporation Act of 2005 *Bikrami* (1948) is under examination by the Ministry of Home Affairs, in consultation with the Ministry of Law. Pending the repeal of the Act, the activities of the Corporation have been cut down to the Minimum. A number of irregularities have been pointed out in the Audit Report on the working of this Corporation, which are dealt with in the paragraphs below:

*Loss on sale of Yarn and Cloth—Page 197—Note 6 (i) (a)—Appropriation Accounts, 1955-56.*

50. The Corporation had shown a net profit of Rs. 2,227 during the year 1955-56 on the sale of the yarn and cloth. In arriving at this profit, the following liabilities were not taken into account:—

- (i) A sum of Rs. 53,565 representing interest, rent of godown, establishment charges, incidental charges etc. had not been taken into account.
- (ii) The accumulated stock of yarn and cloth on 31st March, 1956 worth Rs. 1,21,023 at cost price was sold by open tender in April, 1956 for Rs. 61,925 resulting in a loss of Rs. 59,098 to the Corporation. The tenders having been received on the 1st February, 1956, the loss which was inevitable should also have been provided for in the accounts for the year 1955-56.
- (iii) No provision was made as reserve for doubtful debts, though the Sundry Debtors at the end of 1955-56 amounted to Rs. 38,921. Most of these debts are very old.

The profit shown was, therefore, fictitious.

In extenuation, the Finance Secretary (H.P.) stated that the precise extent of the loss was not known at the time of the preparation of the profit and loss accounts and the loss had, therefore, been accounted for in the following year. *The Committee regret to observe that it is against the normal commercial practice not to have taken into account such items while calculating the profit of the Corporation.*

51. *Asbestos Sheets.*—According to Audit, the closing stock on 31-3-1957 (amounting to Rs. 18,598) included Asbestos Sheets valued at Rs. 15,581, which had been purchased in July, 1948. These sheets had been acquired by the former ruler of Bilaspur for construction of certain schools but the scheme was dropped. They were offered to the Transport Department but the latter did not accept them. The Corporation now proposed to auction them.

*The Committee have no doubt that the delay of about 10 years in disposing of the sheets would involve the Corporation in a considerable loss besides entailing the unnecessary expenditure on their storage and other incidental charges, etc. They regret to observe that they could not get any satisfactory explanation for the delay. They would like to be apprised in due course of the loss sustained in the disposal of these sheets.*

#### *Sundry Debtors*

52. The Committee understand that out of the outstandings at the close of the year (1955-56) amounting to Rs. 38,921 under this head, a sum of Rs. 20,000 due from the former ruler of Bilaspur State has

already been recovered and necessary action to recover the interest charges had been initiated. Another sum of Rs. 11,000 was stated to be lying as an advance against a running account with a cement marketing company against supplies of cement, which was being adjusted. The balance was due from Government Departments viz. P.W.D., Transport Department, etc. *The Committee desire that the outstanding amounts should be realised/adjusted expeditiously and a report submitted to them.*

## II. HIMACHAL PRADESH TRANSPORT SERVICE

Pages 168—178 of the Appropriation Accounts, 1955-56

### Review of Working of the H. P. Transport Service

53. The Himachal Pradesh Transport Service is run departmentally. The capital account of the Himachal Transport Service stood at Rs. 32,93,399 on 31st March, 1956 as against Rs. 35,02,977 on 31st March, 1955.

The following table compares the income and expenditure of the Transport Service for the years 1953-54, 1954-55 and 1955-56 :

	1953-54	1954-55	1955-56
	Rs.	Rs.	Rs.
Receipt	27,69,564	32,40,055	32,93,777
Expenditure	26,47,105	29,53,361	31,22,424
Net Income	1,22,459	2,86,694	1,71,353

While there has been an upward trend in the traffic receipts, there has also been an increase in expenditure. The increase in expenditure in the year 1955-56 was attributed to the revision of the pay scales of the majority of employees, enhanced rate of dearness allowance and interest charges. The expenditure on salaries increased to Rs. 7,38,964 in 1955-56 from Rs. 6,08,414 in 1954-55, i.e., by 21 per cent. Being a departmental concern the Transport Service does not pay any Income-Tax. The Income-tax and Super-tax for the year 1955-56 work out to Rs. 1,15,574 and if taken into account would reduce the net profit from Rs. 1,71,353 to Rs. 55,779 only.

54. From a note furnished to them (Appendix X), the Committee find that the H.P. Transport Service had a fleet of 357 vehicles (including 3 motor cycles) on the 12th July, 1958. During the year 1957-58, the average monthly number of vehicles on the sick list ranged from 59 to 89 in 1957-58, the percentage varying from 19 to 24.9 of the total strength of the fleet.

The Committee are concerned at the large number of vehicles on the sick list although the Transport Service is holding enough stock of spares (worth Rs. 8.5 lakhs). They desire that the reasons for the hold-up of the vehicles on the sick list should be examined and a note stating the measures taken to retrieve the situation furnished to them. The Committee are unhappy at the financial working of this Undertaking especially when it enjoys a monopoly on a number of paying routes and is also not required to pay any taxes, etc. They feel that a complete review of its financial results is called for.

#### Depreciation Reserve Fund

55. (i) The Committee observe that in the revenue accounts for the year ending 31st March, 1955, an amount of Rs. 14,510 has been shown as 'Vehicles written off'. The following explanation for this has been given in the financial review of the working of this Service.

"The total strength of the fleet at the beginning of the year was 205. To this 13 vehicles were added during the year. Out of these 17 old vehicles (11 buses and 6 trucks) were condemned as unserviceable during the year under report. The original value of these vehicles was Rs. 1,16,535. An amount of Rs. 82,448 had been charged off to the Profit and Loss Account as depreciation of these vehicles, reducing their book value to Rs. 34,087. The value of the usable spare parts of the condemned vehicles is estimated at Rs. 19,577. The balance i.e. Rs. 14,510 has, therefore, been written off".

Although 2 vehicles had been rendered unserviceable during 1955-56, the loss on this account has not been reflected in the Accounts for 1955-56.

(ii) From a note furnished to them (Appendix X), the Committee understand that the rate of depreciation charged at present in the case of rolling stock is fixed at 25 per cent based on 1 lakh miles life of a vehicle. As the life expectancy of vehicles in the hills is estimated at 50 per cent to 66 per cent of the life of similar vehicles in the plains, the alternative method of calculating depreciation on the basis of fixed life of the asset was not considered so satisfactory. It has been urged by the H.P. Administration that the existing method followed by the Transport service allowed for depreciation on the basis of the cost at which the asset was originally acquired and the extra expenditure involved in the replacement of an asset on account of rise in its cost would have to be capitalised.



The Committee consider that the present system is defective inasmuch as it does not take into account the replacement cost of vehicles but is based merely on the initial cost. The purchase of new vehicles at high prices would, therefore, throw on the Transport Service a heavy financial burden. The General Manager, Transport Service admitted that the cost of new vehicles required for replacement had considerably gone up. The Committee understand that the Railways have revised their system of calculating the depreciation taking into account the increase in replacement costs and obsolescence. The Committee, therefore, suggest that the present system of charging depreciation on the initial cost of rolling stock by the H.P. Transport Service may be reviewed in consultation with Audit with a view to reducing the burden at the time of replacements.

#### *Repairs and Maintenance*

56. The Committee were informed that the Workshop of the Himachal Pradesh Transport Service undertook most of the repairs and in a few cases the vehicles had to be sent to outside workshops. From the statistics furnished to them the Committee find that on an average about 25 per cent of the vehicles are off the road in a month, being on the sick list. The Committee have already commented in para 54 upon the large number of vehicles on the sick list. They are anxious that the maximum number of vehicles should be out on the road. This would not only fetch more revenue but also help the travelling public in areas, like Himachal Pradesh, where road transport is the only rapid means of communication. The Committee, therefore, suggest that with a view to ensuring the efficient running of the Transport Services, the H.P. Transport Department should maintain statistics about vehicles on the sick list, the time taken for their repairs, etc. The position should be constantly reviewed and bottlenecks, if any, in outshedding the vehicles removed.

The Committee would also like to draw the attention of the Transport Department to the suggestion made in para 47 of their 20th Report on the Delhi Road Transport Authority that an estimate of the time required and cost involved in respect of each job together with a list of parts required should be prepared as soon as a defective vehicle is received in the Workshop, as in the absence of such an estimate, an efficient control over the Workshop expenditure would not be possible. The system of maintenance of job cards would enable the Transport Service to check and control the disposition of the technical staff with a view to ensuring the maximum output and efficiency in the workshop. Another important

advantage of this system would be that it would establish standards for certain operational jobs which might serve as a guide for future.

The Committee also suggest that the H.P. Transport Service might examine the desirability of introducing 'time and motion' study in the Workshop, and should enforce the standards fixed for various operations. For the proper control of workshop expenditure and for a scientific costing of the various jobs undertaken, comparison between the standards fixed in respect of both labour and material for each item of work with the actual performance would enable the management to apply appropriate correctives.

#### *Interest charges on Reserve Funds*

57. The Committee were informed that the Himachal Transport Service was not allowed any interest on the various reserve funds viz. Motor Transport Reserve Fund, Depreciation Fund, etc., which were deposited in the treasury although the Transport Service had to pay interest on the money borrowed by it. If the element of interest was taken into account, an amount of Rs. 1,13,893 on Motor Transport Reserve Fund and Depreciation Fund would have accrued to the Department during the year 1955-56. This would have raised the profit to Rs. 2,85,246.

In evidence, the Finance Secretary (H.P.) stated that the Central Government had been addressed for allowing interest on the reserve funds of the Transport Service on the analogy of the practice followed in the Punjab. But the Central Government decided that these deposits should not be interest-bearing. *The Committee, however, understand that in the case of Railways which are also run departmentally, interest is payable by the General Revenues on the Railway Reserve Fund. They, therefore, suggest that the Ministry of Finance should re-examine the question of allowing interest on the Reserve Funds of the Himachal Pradesh Transport Service as it is being run as a commercial concern.*

#### III. KULU VALLEY TRANSPORT (P) LTD., MANDI

58. Out of the share capital of Rs. 5 lakhs of this Company, the Himachal Pradesh Administration held shares worth Rs. 3,08,000 (77 fully paid up shares of Rs. 4,000 each, i.e. about 60 per cent). The balance was held by Railways and private parties. At the time of purchase of a majority of shares, the H.P. Administration entered into an agreement with the Railways who previously held a major portion of the shares, that all the liabilities as on the date of Agreement would be met by the old shareholders.

The Committee were, however, informed that a loss of Rs. 2·20 lakhs relating to the old company (New Kulu Valley Transport Company Ltd) was included in the accounts of the present Company which according to the agreement was not the liability of the shareholders of the present company. But as the Agreement regarding the running of this concern between the Railways and the Himachal Pradesh Government was awaiting the approval of the Government of India, adjustment of this loss in the accounts was pending.

*The Committee desire that the settlement of this long outstanding issue should be expedited and the correct financial results of the working of the Company shown in the next Balance Sheet.*

#### IV. ROSIN AND TURPENTINE FACTORY, NAHAN

59. The Rosin and Turpentine Factory, Nahan was established as a result of an agreement entered into by the late Sirmur Durbar with M/S Gopal Singh and Sons in November, 1945 for a period of 20 years. According to the Agreement, the factory was entirely financed by the Sirmur Durbar and M/S Gopal Singh and Sons were appointed as the Managing Agents of this Factory on a commission basis. On the merger of the Sirmur State, the factory was taken over by the Himachal Pradesh Government on 15th April, 1948.

A Rosin Board was constituted in December, 1948 to supervise and control the working of the factory in matters relating to administration, purchase and sales.

A notice was served by the Himachal Pradesh Administration on the Managing Agents in July, 1957 for showing cause why the Managing agency should not be terminated as a result of negligence and mismanagement on their part. But the Managing Agents referred the matter for arbitration claiming a total compensation of about Rs. 8 lakhs on account of early termination of the agreement which could have continued upto the year 1965. The Himachal Pradesh Administration failed to appoint their arbitrator within the specified period of 15 days and had to apply for extension of time-limit to appoint an arbitrator.

*The Committee understand that the matter is at present pending in a court of law. They would like to be informed of the final outcome of the arbitration proceedings in this case.*

The Managing Agents left the factory in September, 1957 and since then the factory is being managed by the Industries Department of the Himachal Pradesh Administration through a whole-time Manager.

The total capital invested in this concern as on 31st March, 1957 stood at Rs. 6,42,722. Since 1953-54, the factory is incurring continuous loss. The net loss upto 31st March, 1957 is reported to be about Rs. 16.89 lakhs.

In the course of their visit to this factory towards the end of June, 1958, the Committee were told that the estimated loss during the year 1957-58 was expected to be in the neighbourhood of Rs. 2.50 lakhs. They were also distressed to find that the factory had not been working for the last three months on account of overhauling of machinery and the re-modelling of Decantation Vaults. Again, the stock of resin was also not sufficient to provide work to the factory. In a letter received subsequently, the Administration stated that the factory had resumed working on the 7th July, 1958. *The Committee deprecate the unbusinesslike manner in which this factory had been run without any phased programme for periodical overhauls, etc.*

#### Stock verification

60. The Committee understand that stock verification was not, in some cases, carried out by due dates at this factory. From a statement showing the results of stock verification pertaining to the year ended 31st March, 1958, the Committee observed that there are a number of items showing excesses and deficiencies. *The Committee would emphasise that store accounting and stock verification are very essential for the efficient administration of a commercial undertaking like this Factory. They desire that store accounts should be brought to a satisfactory level and excesses and deficiencies disclosed in physical stock verification should be taken serious notice of.*

61. From the foregoing paragraphs, the Committee observe that the working of the Factory has been far from satisfactory in the past. In para 23 (iv) of their Second Report, the Public Accounts Committee of Himachal Pradesh Vidhan Sabha (now defunct) had recommended that a Committee of experts should be appointed to examine the working of the Factory and also to investigate thoroughly the various factors responsible for the recurring loss and suggest suitable ways and means to run it on commercial and profitable basis. The administration had then stated that 'no great improvement was likely under the existing Managing Agency.' It was decided to defer the proposal to set up such a Committee till the question of revision of the agreement with the Managing Agents had been finalised. *The Committee desire that after the dispute with the Managing Agents which is at present sub-judice, is settled on enquiry into the working of this factory should be instituted.*

*In the meanwhile, the Committee would stress that the working of the factory should be toned up and appropriate measures devised in consultation with Audit to bring down the overhead and other incidental charges and run the factory to its full capacity.*

NEW DELHI;  
The 6th March, 1959.  
Phalguna 15, 1880 (Saka)

N. G. RANGA,  
Chairman,  
Public Accounts Committee.

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**PART II**

**Proceedings of the Sittings of the Public Accounts Committee from  
the 16th to 20th June, 1958 and 3rd March, 1959**

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**Proceedings of the Second Sitting of the Public Accounts Committee  
held on Monday, the 16th June, 1958, at Gorton Castle, Simla.**

62. The Committee sat from 14.00 hours to 17.10 hours.

**PRESENT**

Shri T. N. Singh—*Chairman.*

**MEMBERS**

2. Dr. Ram Subhag Singh
  3. Shri Arun Chandra Guha
  4. Shri N. R. M. Swamy
  5. Shri Rameshwar Sahu
  6. Pandit Jwala Prasad Jyotishi
  7. Shri T. Sanganna
  8. Shri Upendranath Barman
  9. Shri Prabhat Kar
  10. Shri N. G. Ranga
  11. Shri H. C. Dasappa
  12. Shri Khushwaqt Rai
  13. Shri N. Siva Raj
  14. Shri Aurobindo Ghosal
  15. Shri Jaipal Singh
  16. Rajkumari Amrit Kaur
  17. Shri Amolakh Chand
  18. Shri T. R. Deogirikar
  19. Shri S. Venkataraman
  20. Shri M. Govinda Reddy
  21. Shri Rohit Manushankar Dave
- Shri A. K. Chanda, *Comptroller and Auditor General of India.*
- Shri P. C. Padhi, *Additional Deputy Comptroller and Auditor General.*
- Shri K. K. Iyengar, *Accountant General, Punjab.*

## SECRETARIAT

Shri M. C. Chawla, *Under Secretary.*

## WITNESSES

*Ministry of Home Affairs*

Shri V. Vishwanathan, *Special Secretary.*

Shri R. S. Bhal, *Deputy Secretary.*

*Ministry of Finance*

Shri Shiv Naubh Singh, *Joint Secretary.*

*Himachal Pradesh Administration*

Shri K. N. Channa, I.A.S., *Chief Secretary.*

Shri C. D. Saklani, I.A. and A.S., *Finance Secretary.*

Shri K. L. Sethi, *Director of Education.*

Lt. Col. P. Chandra, *Director of Health Services.*

Shri H. S. Negi, *Deputy Registrar, Co-operative Societies.*

[Rao Gajraj Singh, Chairman, Public Accounts Committee, Punjab Legislature accompanied by Giani Gurdit Singh and Shri Hans Raj Sharma, Members of that Committee were also present to watch the proceedings.]

WATCHING OF PROCEEDINGS BY THE CHAIRMAN AND MEMBERS OF PUNJAB  
P.A.C.

63. At the outset, the Chairman introduced to the Committee the Chairman of the Punjab P.A.C. who along with two Members had come to Simla to watch the proceedings of the Central Committee.

CHANGE IN TIMINGS OF THE SITTINGS OF THE COMMITTEE

64. It was decided to hold subsequent sittings of the P.A.C. i.e. from 17th to 20th June, 1958 at 9.30 hours instead of at 14.00 hours, as originally fixed.

The Committee then took up examination of Accounts relating to the Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (upto 31st October, 1956).



REGULARISATION OF EXCESS GRANTS RELATING TO THE PRE-REORGANISATION PERIOD

65. The Committee first wanted to know whether there was any provision in the States Reorganisation Act, 1956 under which Parliament was competent to regularise the expenditure incurred in excess of the grants voted by the Himachal Pradesh State Legislature before the repeal of the Part 'C' States Act, 1951. The representative of the Ministry of Finance stated that this point had been examined by them in consultation with the Ministry of Law. In regard to those Part 'C' States which had merged subsequently with other States, an order had been issued by the President to submit their Accounts and Audit Reports to the Legislative Assemblies of the States in which they had been merged. In the case of the Union Territories of Himachal Pradesh and Delhi, the Law Ministry held the view that the Accounts of these Territories should be regarded as part of the Accounts of the Union which were regulated under Article 151 (1) of the Constitution. Accordingly these had to be submitted to the President for being laid before Parliament.

The representative of the Ministry of Home Affairs stated that under Article 239 of the Constitution, the President had been vested with certain powers to administer the Union Territories and the Part 'C' States Act, 1951 which provided for these powers to be exercised through a Lt. Governor on the advice of Ministers, was an extension of this Article. With the abolition of Part 'C' States, all powers reverted to the President and Parliament.

The Committee pointed out that under Section 72(2) of the States Reorganisation Act, 1956, the power to authorise such excess grants relating to the period prior to the Reorganisation reverted to the President. Elucidating the point, the Comptroller and Auditor General stated that the President could authorise these excesses only after the usual procedure of recommendation of regularisation of the excesses by the Public Accounts Committee and subsequent approval by Parliament had been undergone. In the case of Delhi and Himachal Pradesh it has been decided in consultation with the Law Ministry that all excesses prior to the Reorganisation will have to be regularised in accordance with Article 115(1) (b) of the Constitution.

EDUCATION DEPARTMENT

*Withdrawal of money to avoid the lapse of grant*

66. (a) *Para 14 of Audit Report, 1956 (page 11).*—The Head of an educational institution withdrew a sum of Rs. 29,979 from a Gov-  
2077 (Aii) LS—4.

ernment treasury on the 31st March, 1955 on fully-vouched contingent bills to pay for stores which had not been received. Of this amount, payments aggregating Rs. 25,790 were made in the months of April to October, 1955 as and when the stores were received. There was an undisbursed balance of Rs. 4,189 in hand on the 31st October, 1955.

(b) *Para 15 of Audit Report, 1957 (page 13).*—In an office, a sum of Rs. 26,100 was withdrawn from a treasury on the 31st March, 1956 for making certain purchases. The whole amount was refunded into the treasury on the 9th April, 1956, as the purchases could not be effected.

67. The representative of the Ministry of Home Affairs stated that the head of the institution responsible for the irregularity in the first case had been warned in writing not to repeat such an irregularity, although he had withdrawn the money in the interest of the institution, which otherwise would have received a serious set-back.

68. As regards the second case, the representative of the Education Department stated that the allocation of the grant was made to the District Inspector of Schools concerned in September, 1955 but he received the sanction of Government towards the end of March, 1956 because of the complicated procedure that was followed in such cases. The District Inspector of Schools made a telegraphic reference to the Education Department that the money might be treated as surrendered as he could not make the purchases in time. But the Deputy Director, Education Department who was then the Head of the Department suggested that the District Inspector of Schools should withdraw and disburse the money before the 31st March, 1956 in view of the fact that schools in that district were not properly equipped.

69. The Committee pointed out that the only way to avoid such lapse of funds due to delay in getting sanctions, was to make provision in budget only in respect of approved plans and schemes. The representative of the Ministry of Finance stated that ordinarily a plan had to be framed and justified before a budget provision was made and financial sanction to execute it had to be obtained separately.

The representative of the Ministry of Home Affairs, however, urged that the old practice was that a scheme was not included in the budget unless it had been approved. But now they had to work under great pressure and they had pressed Finance to accept for inclusion in the budget schemes without complete details on the understanding that these would be worked out later, so that these

schemes might not have to be postponed for want of budget provision. Even where the proposals were fully agreed to by Finance these had got to be scrutinized again and sanctioned by them before expenditure was actually incurred on them. The Government, he said, contemplated to introduce certain budgetary and financial reforms for removing these difficulties

The Finance Secretary (H.P.) stated that the budget estimates were framed on the basis of broadly approved proposals and the details of the schemes were examined at the time of according financial sanction. In order to reduce delay in issuing sanctions, they proposed to fix a deadline for the administrative Departments to send their proposals to Finance, i.e., by the end of December or January. This would enable them to examine the schemes in detail.

The representative of the Finance Ministry, however, urged that cases under reference were an exception to the rule. There were standing instructions that no scheme should be provided for in the budget unless it was almost ready for execution. It was only in exceptional cases that lump provision was made.

The C. & A. G. pointed out that a decision had since been taken by the Government of India that the budget provision should be made for schemes only if they had been scrutinised in detail. The Departments might ask for a small provision initially for other schemes and come up for a supplementary grant subsequently.

While on the point of grant of Central assistance to the States, the representatives of the Finance Ministry stated that the matching grants had been discontinued for future. All schemes which had already been sanctioned on the matching principle would continue. Under the new procedure, proportionate grant included in the Budget was paid monthly to the States in advance and the payments so made were converted into loans or grants, as the case might be, at the end of the year. This system would obviate delayed payments to the States that occurred previously.

The Committee were assured that as a result of the instructions issued to all the Departments in H.P. Administration not to withdraw money during the closing days of the financial year with a view to avoiding lapse of grants, the position with regard to utilisation of funds in time would improve in future.

70. In reply to a question, it was stated that in the second case, no warning had been issued to the Deputy Director of Education who was responsible for issuing instructions to the Inspector of Schools to withdraw money on the last day of the year. The officer concern-

ed was no longer in the service of H.P. Administration and had been transferred to the H.P. Territorial Council. The Committee desired a warning be administered to this officer as he was still in service in another branch of the Administration. The representative of the Ministry of Home Affairs undertook to write to the Chairman of the Council in the matter. It was further disclosed that the officer concerned had been temporarily employed by the H.P. Government subject to the approval of the U.P.S.C. He was previously rejected by the U.P.S.C. after having served for three years in the State Government. The officer had since been appointed to an equivalent post in the Territorial Council temporarily. The Committee felt that a person rejected by the U.P.S.C. should not have been offered another equivalent appointment.

*Note 5—Page 69 of Appropriation Accounts 1955-56—Over-payment of grants-in-aid*

71. According to Audit, an over-payment of Rs. 1,792 was made to certain schools in excess of the grants-in-aid actually admissible under the terms of the sanction and was thus refundable to the Government.

The representative of the Education Department (H.P.) explained that the amount objected to by Audit related to grants-in-aid sanctioned to seven different schools. On departmental scrutiny, it was found that there were actually no excess payments in the case of four schools. At the time of audit, the procedure of calculating the grants to these schools could not be correctly explained to the auditors. In the fifth case, the excess payment was due to a special grant for building and equipment which was permissible under the rules. In the remaining two cases the Department was not sure whether the excess payments were in the nature of special grants and these cases were being referred to Audit. If these proved to be excess payments, they would be recovered from the schools concerned and action taken against the officers responsible therefor.

The Committee, however, suggested that in order to avoid confusion in accounts about special and other grants made to schools, separate sub-heads should be opened in the accounts, as was already being done in other States.

*Para 9 of Audit Report, 1956 Grant 12—Scientific Department—Excess over voted grants*

72. The Committee recommended the regularisation of an excess of Rs. 13 disclosed in the Accounts for 1954-55 under this grant.

*Note 5—para 62—Appropriation Accounts, 1954-55—Grant No. 13—  
Education—Losses*

73. In this case, a sum of Rs. 941 was written off being the value of unserviceable stores. The Committee wanted to know how the stores were rendered unserviceable. The representative of the Education Department stated that the stores included scientific instruments, books, furniture, etc., which became unserviceable after long usage and represented the normal wastage. The Committee did not press the matter.

**MEDICAL DEPARTMENT**

*Page 185—Appropriation Accounts, 1955-56—Grant No. 32A—Capital  
Outlay on Improvement of Public Health*

74. The Committee drew attention to a saving of Rs. 8·57 lakhs on nearly 79 per cent of the total grant of Rs. 10·90 lakhs which was obtained wholly as a supplementary grant for National Water Supply and Sanitation Schemes for Rural Areas. The saving was explained as due to late sanction of estimates and non-receipt of certain materials. The representative of the Finance Department (H.P.) stated that these schemes were actually executed by the P.W.D. and that Department was, therefore, answerable for the non-execution of the schemes. A proposal for setting up an Engineering Branch under the Medical Department to execute all such schemes, was stated to be under the consideration of the H.P. Administration.

The representative of the Medical Department stated that his Department only indicated to the P.W.D. the places where water supply was needed. The actual execution of the schemes including the preparation of estimates and determining the sources of water, etc., was, however, the responsibility of the P.W.D. The Medical Department, he added, did keep a watch over the activities of the P.W.D. but they had no control over the latter.

The representative of the Home Ministry stated that in order to remedy the present situation, it was proposed to set up a separate engineering wing in each Department under an Executive Engineer to carry out small works estimated to cost upto Rs. 2 lakhs. The bigger works would continue to be handled by the P.W.D., as these could not be expected to be executed efficiently by the Departments concerned. The representative of the Medical Department (H.P.) stated that the Central Council of Health had recommended that a Public Health Engineering Department should be set up under the Director of Health Services but the P.W.D. turned down this proposal when it was put up to them.

75. The Committee felt that the P.W.D. as the executing agency of the Medical Department in such cases, should work in close co-ordination with the latter. The representative of the Home Ministry stated that an Additional Chief Engineer had been appointed at the Centre to coordinate the work of the P.W.D. in different Union Territories and assured the Committee that this step would ensure better results. The Committee wanted to know in due course the final outcome of the proposal to set up a separate wing of Public Health Engineering under the Public Health Department for execution of minor irrigation works connected with public health.

*Page 76—Note 5—Appropriation Accounts, 1955-56—Loss due to wrong apportionment of Medical fees*

76. In this case, the head of the Department wrongly intimated to District Medical Officers of the State in May, 1952 that fees received by the radiologists were divisible between them and the Government in the ratio of 3:2 instead of 2:3 according to medical rules in force in the State. This resulted in an over-payment of Rs. 2,824 to certain radiologists. The officer responsible for issuing orders was stated to have retired. According to Audit, Government proposed to write off the entire amount over-paid to the radiologists (including those still in service), as it was held that they had received payments in good faith and most of them had since left service.

In extenuation, the representative of the Medical Department stated that originally they had enforced the Central Government ratio of 40 : 60 for division of fees between the radiologists and Government but erroneously the radiologists share was communicated as 60 per cent in the letter addressed to the District Medical Officers. In two districts they were paid at the higher rate while in one district they were paid at the Central Government rate. In February, 1957, the Administration had issued necessary sanction regularising the past over-payments. For future, the ratio of 60:40 laid down by the Punjab Government for apportionment of fees between the radiologists and the Administration had been enforced. In reply to a question, the representative of the Home Ministry stated that the radiologists who received lesser share previously would also now be paid at the revised rate of 60 per cent.

*Para 2 of Audit Report on the Appropriation Accounts for 1956-57 (upto 31st October, 1956)—Excess over grants—Capital Outlay on Improvement of Public Health.*

77. The Committee recommended regularisation of the excess expenditure of Rs. 50,148 under Capital Outlay on Improvement of Public Health.

## CO-OPERATIVE DEPARTMENT

78. The Committee drew attention to a number of co-operatives in Himachal Pradesh in which the Himachal Pradesh Administration had invested money in the form of shares, and wanted to know whether that Administration were associated with the management of these co-operatives. The representative of the Co-operative Department (H.P.) stated that the Administration had nominated three official members on the Co-operative societies in which they had invested money in the form of share capital.

In reply to a question, he stated that in the Himachal Pradesh State Co-operative Bank Ltd., out of the paid up capital of Rs. 10,74,700 the Administration held shares worth Rs. 8 lakhs. The representative of the Co-operative Department (H.P.) stated that the Bank was originally started as a co-operative society with a share capital of Rs. 4 lakhs. Some Central Banks which already existed before the formation of the Himachal Pradesh Government and one Commercial Bank *viz.*, Nahan Bank in Sirmur were amalgamated with this Bank.

When asked whether the share capital of the various banks merged in the H.P. Co-operative Bank was determined after ascertaining the correct value of their assets and liabilities, the representative of the Co-operative Department stated that this examination was undertaken by a Deputy from the Reserve Bank of India, Chief Accountant of the State Co-operative Bank and Chief Auditor, Himachal Pradesh Administration. In reply to a question, he stated that the Bilaspur Commercial Corporation had not been merged in the H.P. Co-operative Bank. The share capital of the Co-operative Bank was partly held by Government and partly by private individuals. The Committee desired to be furnished with a break-up of these figures.

79. The Committee then drew attention to the fact that although Co-operative societies in Himachal Pradesh were charging a high rate of interest, they had not shown profits. The Committee felt that the Co-operatives were not managed well and their overheads were high. In extenuation, the representative of the Home Ministry stated that Co-operative institutions should not be judged in the same way as commercial concerns. The representative of the Co-operative Department stated that so far as credit societies were concerned excepting a few, they had not suffered a loss, although the profits had not been distributed. The Committee desired to be furnished with copies of the latest balance sheets of the Co-operative societies with a view to appraising their financial working. They

also wanted to know the reasons for transferring profits of credit societies to reserve funds. The Finance Secretary (H.P.) stated that the auditors had recommended that adequate provision for bad debts should be made. In reply to a question he stated that the Accounts of the Co-operative societies were audited by private auditors (Chartered Accountants).

In evidence, it was disclosed by the representative of Co-operative Department that the rate of interest charged by the Co-operatives was 9 per cent whereas the primary societies charged interest ranging from 6 to 9 per cent as the latter were financed directly by the Bank. He further stated that the Co-operative Department had applied to the Government of India in September, 1957 to stand as surety for the Cooperative Department for securing loans from the Reserve Bank of India but a final reply was awaited. The Committee suggested that in an under-developed area like H.P., money should be made available to people at reasonable rates of interest.

In reply to a question, the Finance Secretary stated that the Central Co-operative Society had advanced loans to the individuals to the tune of Rs. 21,42,151 as on 30th June, 1957, while the deposits including the current savings stood at Rs. 53,82,227. On deposits, interest at the rate of 3½ per cent to 4 per cent was allowed by the Co-operative societies. He added that 30 per cent of the Co-operative societies in which the Administration had invested money were not functioning satisfactorily. But the Co-operatives had sufficient assets to recover the money invested by the Administration. When asked what percentage of credit requirements in the State was being met by the Cooperatives, he replied that no survey had been made in that direction.

*Page 112—Note 3—Appropriation Accounts, 1955-56—Remission of Revenues*

80. An amount of Rs. 1,150 representing audit fees assessed for 19 Co-operative societies for the year 1954-55 was remitted by the competent authority owing to the weak financial position of the societies.

In reply to a question, the representative of the Co-operative Department stated that it was not for the first time that these fees were remitted. Whenever there were losses disclosed in the working of societies, they allowed remission of audit fees.

*Page 14—Para 17 of Audit Report, 1957—Withdrawal of money to avoid lapse of grant*

81. In an office, a sum of Rs. 75,000 was withdrawn from the treasury in March, 1956 for construction of a godown and placed under Public Works Deposits. The work was under the administra-



tive control of the Civil Department and the provision for it was made in the civil grant concerned. The correct procedure was to classify the expenditure under Public Works Remittances and to adjust it finally by book transfer under the relevant civil grant.

According to Audit, the withdrawal of money towards the close of the year was made to avoid lapse of funds. The work was not ultimately executed and the money was refunded into the treasury in February, 1957.

In evidence, the Finance Secretary (H.P.) stated that this work formed part of the pilot projects for the construction of godowns, purchase of trucks, etc., which were to be financed from the funds allotted to the State by the Planning Commission amounting to a total of Rs. 7.20 lakhs during the year 1955-56, the last year of the First Five Year Plan. The approval of the Planning Commission was received in November, 1955; but it remained under correspondence till the end of the year. As it was the last year of the Plan, the Co-operative Department were eager to put through the scheme but the P.W.D. expressed their inability to spend the entire provision of Rs. 75,000 before the close of the year. Initially the Chief Engineer had suggested to treat this work as Remittance Work to be executed on behalf of the Co-operative Department and to be ultimately adjusted by the Accountant General in his books. But since the work could not be executed during the financial year, they were advised to place the money under Deposit with a view to avoid lapse of funds. According to Audit, at the time of withdrawal of money even the land for building had not been acquired. When the Accountant General objected to treat the deposit as having been made on behalf of another department, the money was refunded and remitted to the treasury. The Committee were informed that written warnings had been given to four officials responsible for the irregularity.

82. When asked whether the lapse of funds in this case had affected the utility of the whole scheme, the Finance Secretary stated that the scheme had been slightly affected by the non-construction of the godown. In reply to a question, the representative of the Co-operative Department stated that trucks purchased under the scheme were used for transport of potatoes, etc. from the interior to the railway stations and to carry back consumer goods to the interior. The representative of the Home Ministry stated that these objectives formed an integral part of the scheme. The trucks were, therefore, being utilised for the purpose for which these were intended by the Planning Commission.

The Committee then enquired about the progress made in the implementation of the scheme for the rehabilitation of poppy growers following the stoppage of poppy cultivation in the State. The Chief Secretary stated that the Government had allowed some remissions in land revenue, but schemes for their rehabilitation were yet to be finalised with the approval of the different Ministries of the Government of India.

*Para 4 of Audit Report on Appropriation Accounts, 1956-57 (upto 31st October, 1956)*

*Grant 19—Co-operation*

*Value of shortages in grain on account of driage, etc.*

83. The Committee wanted to know whether the loss of Rs. 760 being the value of shortages in grain on account of driage and prolonged storage represented the allowed percentage of driage of grains. The representative of the Co-operative Department stated that these stocks were lying in far flung areas which were not easily approachable and shortages did take place.

The Committee then adjourned to meet at 9-30 hours on the 17th June, 1958.

**Proceedings of the Third Sitting of Public Accounts Committee  
held on the 17th June, 1958 at Gorton Castle, Simla.**

84. The Committee sat from 9-30 to 12-30 hours.

**PRESENT**

Shri T. N. Singh—*Chairman*

**MEMBERS**

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Pandit Jwala Prasad Jyotishi
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave.

Shri A. K. Chanda, *Comptroller and Auditor General of India.*

Shri P. C. Padhi, *Additional Deputy Comptroller and Auditor General.*

Shri K. K. Iyengar, *Accountant General, Punjab.*

**SECRETARIAT**

Shri M. C. Chawla, *Under Secretary.*

**WITNESSES**

*Ministry of Home Affairs*

Shri V. Vishwanathan, *Special Secretary*

Shri R. S. Bahl, *Deputy Secretary.*

*Ministry of Finance*

Shri Shiv Naubh Singh, *Joint Secretary.*

*Himachal Pradesh Administration*

Shri K. N. Channa, *Chief Secretary*

Shri C. D. Saklani, *Finance Secretary*

Shri H. S. Negi, *Assistant Secretary (Cooperative and Supplies Department)*

Shri J. Mukund, *Chief Engineer, P.W.D.*

(Rao Gajraj Singh, *Chairman, Punjab P.A.C.* accompanied by two Members *viz.* Giani Gurdit Singh and Shri Hans Raj Sharma also watched the proceedings of the Committee).

85. The Committee took up further consideration of the Appropriation Accounts of Himachal Pradesh for 1954-55 and 1955-56 and 1956-57 (Upto 31st October, 1956) and Audit Reports thereon.

## CIVIL SUPPLIES DEPARTMENT

*Page 12—Para 16—Audit Report 1956—Loss in disposal of wheat*

86. In this case, 2,500 maunds of wheat were purchased by a department at the rate of Rs. 18-3-6 per maund during the period of control of foodgrains in December, 1953 and January, 1954 on an indent of a private firm of contractors who agreed to lift the entire stock by June, 1954. The firm, however, lifted only 1,376 maunds of wheat upto the 4th March, 1954 and refused to lift the balance as prices had fallen as a result of decontrol in May, 1954. The Department took over a year to arrive at a decision to dispose of the stock which was eventually sold in July, 1955 at Rs. 8 per maund. The market rates were Rs. 17-8 per maund in the middle of November, 1954 and Rs. 13-8 per maund in January, 1955. The State thus suffered a loss of Rs. 11,485, which according to Audit would have been much less had the stock been disposed of earlier. As neither a written agreement nor adequate security or advance was taken from the firm, the loss could not be recovered from it.

The Committee wanted to know why a formal agreement was not entered into with the contractor in this case. The Finance Secretary (H.P.) stated that this contractor had been a person of long standing and had had many transactions with the Forest Department in the past and in pursuance of the practice followed in the pre-merger period in the erstwhile Chamba State, no written agreement or contract was entered into with him. He pleaded that a regular agreement with a contractor would have meant fulfilment by Government of his full demands at a time when even Government's own requirements were difficult to be met. When questioned

as to why an agreement could not be entered into after the supplies were available by January, 1954, the representative of the Home Ministry admitted that it was an error.

When asked how it took the State Government more than a year to decide to dispose of the stock, the Finance Secretary stated that immediately on decontrol, the State Government had represented to the Central Government that they had large stocks of foodgrains and lifting of the control in the State would result in loss to the State Government. The reply from the Central Government was received after 3 months. Subsequently the matter was referred to the Law Department (H.P.) seeking their opinion whether the order placed with the contractor could be treated as a contract in law binding the contractor to lift the remaining supplies. The Law Department replied in January, 1955 that in the absence of a formal agreement the contractor could not be asked to accept the supplies. Thereupon the stocks were declared for disposal between March and July, 1955. In reply to a question the representative of the Co-operative Department stated that the wheat was sold to the various retailers at the rate of Rs. 8 per maund which was the prevailing market rate as ascertained by the Deputy Commissioner concerned.

87. The Comptroller and Auditor General pointed out that having regard to the progressive fall in prices after decontrol, the stock could have been disposed of even if the contractor's liability was still indeterminate. If his legal liability was subsequently established, he should have been debited with the difference in the cost. The representative of the Home Ministry admitted that the officers concerned should have reacted to the situation and disposed of the stocks earlier.

In reply to a question, the representative of the Home Ministry admitted that in this deal in addition to the loss on account of difference in the cost and sale prices, there would be other losses on account of transport and storage, etc. With regard to the disciplinary aspect of the case, it was urged that on examination of the case, Government came to conclusion that the loss was not due to negligence of any particular official. It was, therefore, not intended to take any disciplinary action in this case.

*Page 13 of the Appropriation Accounts, 1954-55 and Page 15 of the Appropriation Accounts, 1955-56—Losses—Capital Outlay on schemes of Government Trading.*

88. The Committee drew attention to the losses of Rs. 794 and Rs. 1,374 during the years 1954-55 and 1955-56 respectively due to shortage in storage of foodgrains and wanted to know whether on discovery of such losses, any enquiry was made into the causes of shortages. The

representative of the Co-operative Department stated that the causes for shortages were looked into by them and remedial measures taken. In the first case, he stated, the loss was due to wetting of rice by rains.

#### BILASPUR COMMERCIAL CORPORATION

#### *Page 197—Para 6—Appropriation Accounts 1955-56—Loss on disposal of cloth and yarn*

89. According to Audit, the accumulated stock of yarn and cloth valued at cost price and shown as on 31st March, 1956 at Rs. 1,21,023 was sold by an open tender system in April, 1956 for Rs. 61,925, thus causing a loss of Rs. 59,098 to the Corporation. The tenders were obtained on 1st February, 1956 and the loss which was inevitable should have been provided for, in the accounts.

The representative of the Home Ministry stated that the loss in this case was due to decontrol of cloth prices. The Committee enquired the reasons for accumulating stocks and whether purchases were made every year in proportion to actual sales. They desired to be furnished with figures of opening and closing balances of stocks and purchases and sales during the last four years.

The Committee then wanted to know why the stock of yarn and cloth was valued at cost price (Rs. 1,21,023) as on 31st March, 1956, thus indicating a profit of Rs. 2,227 in the account although it was sold by open tender system in April, 1956 for Rs. 61,925 actually causing a loss of Rs. 59,098 to the Corporation. The representative of Co-operative Department stated that at the time of preparation of the accounts, the tender had not been accepted. The Finance Secretary stated that they did not know precisely the extent of loss at that time and the loss was accounted for in the following year's accounts.

In reply to a question, it was stated that the Bilaspur Commercial Corporation was taken over by the Himachal Pradesh Government on merger of Bilaspur on the 1st July, 1954. The Corporation was a statutory body entirely financed by Government and was working under the control of the Civil Supplies Department. The Finance Secretary stated that the Corporation had no separate funds and had a revolving capital. Money was advanced to it by Government for carrying on business and its earnings were deposited in the treasury. Legislation to wind up the Corporation was stated to be under the consideration of the Government of India although it had already been practically wound up.

#### SUNDRY DEBTORS

90. The Committee drew attention to the item—sundry debtors at the close of 1955-56 amounting to Rs. 38,921 and enquired about the

chances of their recovery. The Finance Secretary stated that out of this amount, a sum of Rs. 20,000 due from the former Ruler of Bilaspur had already been recovered. Another major item of Rs. 11,000 was lying as an advance against a running account with a Cement Marketing Co. which would be adjusted. The other amounts were due from Government Departments viz. P.W.D., Transport, etc. and were good debts, although these had been outstanding for a long time. Steps would be taken to recover them early. In reply to a question, it was disclosed that the amount of Rs. 20,000 recoverable from the former Ruler was adjusted against the payments due to him on account of compensation of his submerged property and the question of charging interest from him was under consideration.

#### ASBESTOS SHEETS

91. According to Audit, the closing stock on 31st March, 1957 (valuing Rs. 18,598) included Asbestos sheets valued at Rs. 15,581 which were purchased in July, 1948. The Committee wanted to know how these sheets were proposed to be disposed of. The Finance Secretary stated that these sheets had been acquired by the former Ruler of Bilaspur for construction of certain schools but the scheme was dropped. The sheets were offered to the Transport Department but they did not accept them. These were proposed to be disposed of by auction.

The Committee desired that a further report on the winding up of the Corporation should be submitted to them in due course.

#### CO-OPERATIVE DEPARTMENT

92. The Committee desired that the Co-operative Department should furnish them with a detailed note on the working of the Co-operative Movement in Himachal Pradesh with reference to the following points:—

- \* (i) A note stating the functions and financial working of the various co-operative societies in Himachal Pradesh Administration (Latest Balance Sheets to each one of these may be furnished). How many are not working satisfactorily? What checks and supervision are exercised by the Co-operative Department to ensure proper management of the societies?
- \* (ii) How are the interests of the shareholders watched by the Government?
- \* (iii) A copy of the annual reports of the H.P. Co-operative Department for the last three years may be furnished.

\*Not printed.

93. The Committee then wanted to know the findings of the Enquiry Committee appointed to investigate into the working of the Co-operative Movement in the State. It was stated by the representative of the Home Ministry that the first Chairman of the Committee who was a former Judicial Commissioner resigned after six months of his appointment on the ground of ill-health. He had circulated a questionnaire to the Departments but did not submit a report. The Second Chairman who was a senior ICS Officer from the West Bengal Government cadre assumed charge of his appointment in December, 1956 and a draft report was circulated by him to the Committee on the last day of his tenure of one year which was not considered by the Committee for want of time. He had also issued a questionnaire supplementary to that issued by the first Chairman. The representative further stated that during his tenure, this officer remained away in West Bengal for 3 months in connection with digging of wells in a district. In reply to a question, it was stated that the services of the Officer concerned had been re-placed at the disposal of West Bengal Government. When asked whether it was proposed to pursue the enquiry into the working of Co-operatives, he stated that the matter was under consideration of the Ministry of Home Affairs.

The Committee then took up consideration of the Accounts relating to the Public Works Department.

#### PUBLIC WORKS DEPARTMENT

94. *Water supply scheme.*—The Committee resumed further consideration of delays in the execution of water supply schemes of the Public Health Department which they had discussed on the previous day with the representatives of the Health Department. The Committee asked the Chief Engineer to explain the reasons for non-execution of these Water Supply Schemes for which the P.W.D. was the executing agency. The Chief Engineer stated that in certain cases, the interests of the Health and Irrigation Departments in the tapping of sources of water supply for drinking or irrigation schemes clashed for the reasons that the source of water for their Water Supply Schemes was mostly from springs which also had to provide water for irrigation, and they were, therefore, unable to tap those sources independently. Secondly, there was lack of skilled personnel and good means of communications in the State. Most of the equipment had either to be carried on head loads or on mules to the water supply projects which were mostly on hill tops.

The Comptroller and Auditor General pointed out that the Appropriation Accounts for 1955-56 disclosed a saving of Rs. 8 lakhs on



the Water Supply Schemes which was ascribed to the late sanction of estimates and non-receipt of certain materials. This explanation was different from that given by the Chief Engineer and such lapses were a continuing feature in the successive years' accounts. He enquired why grants were obtained from the Legislature when there was no prospect of the schemes being executed during the financial year. The Chief Engineer stated that budgeting was the responsibility of the Administrative Department concerned and P.W.D. were not consulted in the past with regard to their capacity to execute schemes, before making budget provision. The defect, he said, had been remedied since January, 1958. Giving his version, the Finance Secretary stated that in the past also the P.W.D. were required by Finance to give a certificate regarding their executing capacity of the schemes before their inclusion in the budget estimates. But he could not verify this fact from the records as those had been burnt in the Himachal Secretariat fire.

The Comptroller and Auditor General pointed out that in view of the large savings disclosed in the successive years due to delay in execution of works, no importance could be attached even to the certificate given by the P.W.D. regarding their executing capacity. He also drew attention to the absence of any provision for the Water Supply Schemes in the budget of 1956-57 (pre-reorganisation) despite their importance. The Finance Secretary stated that it could not be done due to oversight but subsequently they incurred an excess of Rs. 50,148 on account of expenditure on the schemes.

95. The Chief Engineer stated that in order to get over the difficulty of non-availability of technical personnel, the question of increasing their allowances was under the consideration of the Government. Another problem was that according to the recommendation of the Planning Commission, the people were required to contribute 25 per cent. of the outlay on improvement schemes in urban areas and 12½ per cent. in rural areas in lieu of the benefits accruing to them from these schemes but they were reluctant to contribute the amounts. In reply to a question he stated that no approach to the Central Government for making any grant in this behalf had been made. The Committee desired that the Ministry of Home Affairs should examine the entire question of improvement of Water Supply Schemes in the State and remove the bottle-necks. They also desired that the possibility of getting villagers' contribution in the form of manual labour instead of in cash should be examined. In reply to a question, the representative of the Home Ministry stated that the Planning Commission did not issue any instructions direct to the Himachal Pradesh Administration.

2077 (Aii) LS—5.

*Page 11—Para 15—Audit Report, 1956—Execution of work without sanctioned estimates*

96. This para disclosed that 543 works valued at Rs. 38.95 lakhs were started by the P.W.D. during the year 1954-55 without getting the detailed estimates sanctioned. In the years 1952-53 and 1953-54, number of such works was 156 (valuing Rs. 13.31 lakhs) and 440 (valuing Rs. 35.70 lakhs) respectively. According to Audit despite the instructions issued by the Chief Engineer on the 2nd June, 1956 that no work should be started without detailed sanctioned estimates, 975 works had been started without detailed estimates upto April, 1958.

The Committee wanted to know the reasons for persistent disregard by the P.W.D. of the rules laid down in the C.P.W.D. Code in this behalf in executing works without sanctioned estimates. The representative of the Home Ministry stated that at one time the works undertaken without sanctioned estimates were of the order of Rs. 223 lakhs but the figure had now come down to Rs. 23 lakhs only. The Chief Engineer stated that except for emergence works, all works were now undertaken after detailed sanctioned estimates. When asked how tenders for the works were called for without detailed estimates, he stated that most of the works were executed departmentally. The Committee pointed out that in order to control works expenditure properly, it was necessary to have detailed estimates even in case of works executed departmentally.

The Committee desired that whenever a work is started in an emergency without sanctioned estimates, Audit should be apprised of that.

The Committee drew attention to a large number of works started without sanctioned estimates even after issue of instructions by the Chief Engineer in June, 1956 and enquired whether disciplinary action had been taken against the officers concerned for disregard of rules. The Chief Engineer had no reply to give. The Committee then desired that this information should be furnished to them subsequently.

STORE ACCOUNTS AND STOCK VERIFICATION

*Pages 132-133 of Appropriation Accounts, 1954-55 and pages 146-147 of Appropriation Accounts, 1955-56*

97. The Committee wanted to know why no stock verification was carried out in Bilaspur Division in 1955-56. The Chief Engineer stated that, they were in arrears in stock verification and were clearing up. Referring to action taken on para 24 of the Second

Report of the Himachal Pradesh P.A.C. (now defunct), the Chief Engineer stated that a proposal was under consideration for appointment of an Accounts Officer in the Office of the Chief Engineer, P.W.D. The Committee desired that an early decision should be taken in the matter and a report furnished to them after a month. They also desired that the stock verification should be brought up-to-date within a period of three months. In reply to a question, the Finance Secretary stated that a special team was also being organised for clearance of arrears in stores accounts.

The Committee wanted to know the reasons for exceeding the reserve limits of stock during the year 1954-55 and for non-fixation of the reserve limits in any division during the year 1955-56. The Accounts for 1954-55 disclosed that against the total stocks of the value of Rs. 41,42,207, the issues were only of the order of Rs. 18,37,816. The Chief Engineer could not give any explanation for overstocking. As regards the fixation of reserve limits of stocks, he stated that proposals had been submitted by the P.W.D. for consideration.

#### EXCESSES OVER GRANTS

(i) *Para 9 of Audit Report, 1956—S. No. 3—Grant No. 21—Other Civil Works.*

98. The excess of Rs. 23,03,710 was stated in the explanatory notes to be mainly the result of actual expenditure of Rs. 42,72,541 against the grant of Rs. 5 lakhs under the minor head 'I-Suspense' on account of more purchases of stores than estimated.

(ii) *Para 9 of Audit Report, 1957—S. No. 3—Grant No. 22—Other Civil Works*

99. According to the explanatory notes submitted by the Ministry of Home Affairs, the excess of Rs. 16,52,542 was mainly due to excess under 'H-Suspense' owing to inadequate provision by P.W.D.

The representative of the Home Ministry stated that the amounts originally provided under 'Suspense' head in these two cases were not adequate, as they could not carry out all the works without a larger amount of suspense account for purchase of stores.

The representative of the Ministry of Finance explained that this problem also arose in the Central Budget because of uncertain elements such as early adjustment of debits, or early receipt of stores than anticipated or more rapid issues than actually provided for. Under the P.W.D. system of accounting, he added, stores received must be immediately accounted for even though payments

had not been made, and this had necessitated the creation of suspense account. When the stocks were received but the payments had not been made, there was debit to the suspense head 'stock' by credit to the 'purchases'. When payments were made, the suspense head 'purchase' was debited. This double debit under suspense accounted for unanticipated excesses.

*Outstanding Recommendations of the H.P. P.A.C.*

100. The Committee desired that action on **certain** outstanding recommendations made by the Public Accounts Committee\* of erst-while Himachal Pradesh Legislature relating to the P.W.D. should be finalised before long.

The Committee then adjourned till 9.30 hours on the 18th June, 1958.

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\*Appendix I.

**Proceedings of the Fourth Sitting of the Public Accounts Committee  
held on the 18th June, 1958, at Gorton Castle, Simla.**

101. The Committee sat from 9·30 to 12·30 hours.

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PRESENT

Shri T. N. Singh—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri Rohit Manushankar Dave
21. Shri M. Govinda Reddy
22. Shri M. Basavapunnaiyah.

Shri A. K. Chanda, *Comptroller and Auditor General of India.*

Shri P. C. Padhi, *Additional Deputy Comptroller and Auditor General.*

Shri K. K. Iyengar, *Accountant General, Punjab.*

SECRETARIAT

Shri M. C. Chawla—*Under Secretary.*

## WITNESSES

*Ministry of Home Affairs*

Shri V. Vishwanathan, *Special Secretary.*

Shri R. S. Bahl, *Deputy Secretary.*

*Ministry of Finance*

Shri Shiv Naubh Singh, *Joint Secretary.*

*Himachal Pradesh Administration*

Shri K. N. Channa, *Chief Secretary.*

Shri C. D. Saklani, *Finance Secretary*

Shri Thakur Sen Negi, *Deputy Development Commissioner.*

Shri A. C. Gupta, *I. G. Police (H.P.).*

Shri Suraj Singh, *General Manager, Himachal Transport.*

(Rao Gajraj Singh, Chairman P.A.C., Punjab Legislature accompanied by Giani Gurdit Singh and Shri Hans Raj Sharma, Members of that Committee were also present to watch the proceedings.

Shri Darbari Lal, M.L.C. (Punjab) and Chairman Retrenchment and Resources Committee also watched the proceedings of the Committee with the permission of the Chairman, P.A.C.).

102. The Committee took up further consideration of the Appropriation Accounts of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (upto 31st October, 1956) and Audit Reports thereon.

## LAND REVENUE

Page 25—Note 4—Appropriation Accounts 1955-56, Grant No. 1—  
*Land Revenue.*

103. The receipts from land revenue dropped from Rs. 20·99 lakhs in 1951-52 to Rs. 18·90 lakhs in 1955-56 (by 10%); whereas the expenditure increased from Rs. 5·98 lakhs in 1951-52 to Rs. 11·39 lakhs in 1955-56 (by 91%). The expenditure on the Department worked out at 60% of the receipts in 1955-56. The Committee enquired the reasons for this high rate of expenditure to revenue receipts.

In extenuation, the representative of the Ministry of Home Affairs stated that the expenditure on the Department included besides collection charges, the cost of settlement operations which had been undertaken in the State. The settlement operations in an area like Himachal Pradesh were costlier than in plains because

of difficulties in mapping, survey and other work and more pay to the staff. In reply to a question, the Chief Secretary (H.P.) stated that although the Settlement Operations were started in 1951-52, the expenditure on the surveys was much less in the first year and it progressively increased to Rs. 4.11 lakhs in 1955-56 from Rs. 26,000 in 1951-52. The representative of the Home Ministry stated that the programme was different for each year. The expenditure increased progressively and declined after reaching the peak figure. Recounting his experience in other States, he stated that because of shortage of experienced officers these days, the operations became slow and more expensive.

When asked whether there was any increase in the land revenue after a settlement, the representative of the Home Ministry stated that this used to be the practice in the old days, but now it was considered unpopular to increase the revenue although the present rates of assessment were based on the cheap price level prevailing in those days. In Himachal Pradesh, there had been decrease in the receipts of land revenue because of rationalisation of the higher rates charged previously by some Rulers of the erstwhile States which was only partly offset by removal of certain concessions and exemptions granted to some people. The purpose of the settlement was to make fair and just assessment of land revenue and reconstruction of proper land records.

104. In reply to a question, the representative of the Home Ministry stated that after completion of the settlement operations in Chamba, they would undertake this work in other districts. When asked if the administrative expenditure would be reduced after completion of the settlement work in all the districts, he observed that it might be then necessary to start revision of the records which would have again gone into a bad state by that time. Thus it was a continuing process, each district coming under settlement periodically. The Committee desired that with a view to exercising better control over expenditure on land revenue, the possibility of opening separate heads in accounts for the expenditure on collection of revenue and settlement operations should be examined in consultation with Audit.

The Committee also suggested that with the settlement operations already completed in most of the places, the administration should consider the possibility of reducing the staff engaged on the scheme and put them on a regular footing for carrying out the remaining settlement work and subsequent revision of records which could be spread over longer periods. The representative of the Home Ministry stated that they would keep lesser staff for regular cleaning up of records.

105. The Committee desired to be furnished with a note giving the following information:—

- \* (i) The total area of land under cultivation in Himachal Pradesh and its break-up crop-wise (including commercial crops), yield and revenue realised during the last five years;
- \* (ii) Steps taken to ameliorate the economic conditions of the people in rural areas in H.P. Administration who mainly depend upon land cultivation.
- \* (iii) Measures taken to prevent land erosion in the State and with what results.
- (iv) A break-up of expenditure under collection of land revenue and settlement operations from the year 1951-52, onwards year-wise, (See Appendix VI).

#### STATE EXCISE

*Page 25—Appropriation Accounts, 1954-55 and page 27 Appropriation Accounts 1955-56—Store Accounts of Excise Opium.*

106. The Committee wanted to know the position regarding smuggling of opium in the State. The Inspector-General of Police stated that so far as Himachal Pradesh was concerned, cultivation of poppy had been stopped in the State. The smuggling operations actually originated in U.P. and were routed through Himachal Pradesh. They had an Inspectorate which with the assistance of Police checked these smuggling operations. When asked whether there was decrease in the smuggling operations, the I.G. of Police replied in the affirmative. He gave the number of cases of seizures as 72 in 1955, 38 in 1956 and 22 in 1957. In reply to a question, he stated, that since March, 1955, no case of seizure of illegal opium had been dropped by the police.

In reply to a question, the Chief Secretary stated that the decrease in the sale of opium from 29 maunds and 10 seers in 1954-55 to 26 maunds and 37 seers in 1955-56 was due to their policy of gradually reducing its consumption. When asked what was the relation between the price of opium fixed by the State and the cost price charged by the factories, the Chief Secretary stated that the excise duty was added to the price charged by the factories. In 1958-59, the cost price was Rs. 60 per seer and the issue price was fixed at Rs. 250 per seer, the excise duty being Rs. 190 per seer. To a question as to what steps had been taken on the directive of the Government of India to stop the oral consumption of opium by 1959, the representative of the Home Ministry replied that it was under consideration and no positive steps had been taken.

The Committee then wanted to know the reasons for decrease in the receipts of the excise Department from Rs. 19.40 lakhs in 1951-52

*\*Not printed.*



to Rs. 16.96 lakhs in 1955-56 and increase in expenditure from Rs. 1.28 lakhs to Rs. 2.22 lakhs during this period. The representative of the Home Ministry stated that decrease in revenue was due to the decrease in the quantity of country liquor and excisable goods issued for consumption. As regards the increase in expenditure by about Rs. 1 lakh the Chief Secretary undertook to look into the reasons therefor. In reply to a question, the representative of the Home Ministry stated that with a view to prevent smuggling, the excise duty on opium in Himachal Pradesh was fixed almost at the rate prevalent in the neighbouring State of the Punjab. The Chief Secretary stated that they had not got any government distillery in the State and had given warehouse licences to five or six firms in different districts who supplied liquor to the retail vendors.

107. *Excess over Grants.*—The Committee recommended the regularisation of excess of Rs. 705 and Rs. 16,746 relating to Grant No. 7—Other Taxes and Duties in the year 1954-55 and Grant No. 1—Land Revenue in 1955-56 respectively.

#### STAMPS

*Pages 27-28—Appropriation Accounts, 1954-55 and Pages 29-30—Appropriation Accounts, 1955-56—Store Accounts of State Stamps.*

108. According to Audit, certain stocks of obsolete surplus stamps inherited from the erstwhile Indian States have been lying in the treasuries and the question of their destruction was under consideration. Besides, entertainment stamps worth Rs. 52,054 were obtained during the year 1955-56 in spite of the previous balance in hand of Rs. 3,97,643 and the sales during the year were of the order of Rs. 43,347.

In extenuation, the Chief Secretary stated that they proposed to destroy the obsolete stamps. The Committee suggested that a few specimens of obsolete stamps might be kept in the National Archives of India after defacing if they are of the historical interest. As regards the surplus stocks of entertainments stamps, the representative of the Home Ministry stated that these had been ordered in the past without reference to actual requirements. Secondly, some stamps were of denominations not in common use and new orders had to be placed for stamps of the denominations required. The Chief Secretary stated that the stock of stamps was being reduced; it had come down in the value to Rs. 3,33,081 as on 31st March, 1958 and during the current year indent for stamps would be for the minimum requirements.

The Committee then drew attention to para (b) of the certificate of the Financial Commissioner, Himachal Pradesh appearing at page 28 of the Appropriation Accounts, 1954-55 which stated "the closing balance of stock of stamps on 31st March, 1955 was not in excess of

the normal requirements in any treasury of Himachal Pradesh; nor did it include any surplus or unserviceable stores", which was obviously wrong. The Committee desired that the officer responsible for making this wrong statement should be suitably dealt with.

EXCESS OVER VOTED GRANTS/CHARGED APPROPRIATIONS

Page 8—para 9—Appropriation Accounts, 1955-56—Grant No. 9—General Administration (Voted).

109. The Committee recommended regularisation of an excess of Rs. 6,662 over the Voted Grant (the expenditure of Rs. 2,298 was misclassified under Grant No. 27—Stationery instead of under this Grant).

Page 9—Para 10, Appropriation Accounts, 1955-56—Grant No. 9—General Administration (Charged).

110. The Committee recommended regularisation of an excess of Rs. 552 over the Charged appropriations.

OUTSTANDING RECOMMENDATIONS

Para 14 of the Second Report of the PAC of Himachal Pradesh Vidhan Sabha (now defunct)—Irregular Payment to a Mail Runner.

111. In this case a mail runner was paid his salary both by the P & T Department and the Himachal Pradesh Government during the period from 1st July, 1949 to 31st July, 1950. The State PAC had desired a thorough investigation to be made into this case. In a statement showing action taken on the recommendations of the State PAC it was stated by the Himachal Pradesh Administration that the mistake occurred due to non-receipt of a copy of sanction of the post of a mail runner with effect from 1-7-49 issued by the P & T Department. The recovery of over-payment made to the mail runner had been waived. The Committee did not want to pursue this case any further.

POLICE

112. The Committee enquired whether the recruitment to the Police in Himachal Pradesh was made locally or from other States. The I.G. of Police replied that except for the posts of Sub-Inspectors and Assistant Sub-Inspectors, recruitment to other ranks was made from Himachal Pradesh or from the adjoining Kangra District of Punjab.

TRANSPORT DEPARTMENT

Page 168—Note 2—Appropriation Accounts 1955-56—Losses.

113. Audit disclosed two cases of mis-appropriation of Government money involving Rs. 1,139 which was written off. The Committee wanted to know the action taken against the persons respon-

sible for misappropriations in these cases. Explaining the background of the case, the representative of the Home Ministry stated that four Drivers had failed to deposit money either in Government Treasury or with the cashier of the Regional Transport Authority. The accused were prosecuted and sentenced by the court to various terms of imprisonment and fines. The General Manager, Himachal Transport stated that the Drivers had embezzled the freight charged for the goods booked on the way. The irregularity came to light after sometime when the Goods Receipts were checked by the Control Branch.

According to Audit, in a letter addressed to the Chief Accounts Officer, the General Manager had stated that the misappropriation had been facilitated due to the contributory negligence of the Booking Clerks and Cashiers who had failed to check whether the previous amounts had been deposited by the Drivers. The General Manager stated that no action was taken against the staff. The Committee desired that in a commercial concern like the Himachal Transport, the administrative machinery should be tightened up and such omissions taken serious notice of. In reply to a question, the General Manager stated that cash securities were taken from the Conductors and Cashiers and Booking Clerks at the time of their appointment.

Page 1—Para 3—Appropriation Accounts, 1956-57 (1st April to 31st October, 1956).

114. *Theft of Cash.*—In this case, in a certain regional office of Himachal Transport Service, the cash box containing a sum of Rs. 15,820 was stolen on the night between the 6th and 7th January, 1955. Three persons arrested, were sentenced by the court to rigorous imprisonment for five years and a fine of Rs. 2,000 each or in default to further imprisonment for six months. The cash had been kept in an ordinary box instead of in a heavy safe.

Explaining the reasons for keeping the cash in an ordinary box, the General Manager Himachal Transport stated that the safe had been taken away for use in the booking office, where the booking of the potato crop was going on. The cash box in the regional office which was 15" × 12" in size and weighing about 10 seers was bodily removed. In reply to a question, he stated, that disciplinary action had been taken against the *Chowkidar*, Cashier, and a Clerk whose contributory negligence in this case had caused the loss. The Regional Manager was also censured. It was stated that the question of writing off of the loss of Rs. 6,054 in this case had been referred to the Central Government. The Committee felt that as remedial measure to prevent recurrence of such losses by theft, the transport department should have built-in safes in their regional offices.

## HIMACHAL GOVERNMENT TRANSPORT SERVICE

Pages 168-178 of Appropriation Accounts, 1955-56

115. The Committee wanted to know the particulars of routes on which the Himachal Transport Service had monopoly service and those where they were running in competition with other companies. The General Manager furnished the following information in this connection:—

*Monopoly Routes:* Hindustan Tibet-Road (Excepting during the potato season when outside trucks were allowed);

Simla to Bilaspur; and  
Simla to Mandi.

*Competitive* Pathankot to Mandi;

*Routes:* Pathankot to Ranikhet;  
Ambala to Nahan;  
Kalka to Simla; and  
Hardwar to Nawaghat.

The proportion of mileage covered over the competitive and exclusive routes was stated to be roughly 50:50.

116. *Unserviceable items of stores.*—The Committee wanted to know the reasons for increase in the unserviceable stores from Rs. 37,654 on 31-6-56 to Rs. 71,000 on 31-3-57. The General Manager stated that the unserviceable stores in question represented the normal wastage. In the preceding year, the figure included unserviceable stores in two regions while in the following year the value of such stores in other areas was also included.

117. *Depreciation Charges.*—The Committee pointed out that although 39 new buses costing Rs. 5.29 lakhs were added to the fleet during the year 1955-56, (*vide* pages 170 and 175 of the Accounts), the charges on account of depreciation were only Rs. 3,31,609 against Rs. 3,33,718 in 1954-55. In extenuation, the General Manager stated that they charged the depreciation on the miles run. In 1955-56 they covered lesser mileage than in 1954-55 and hence lesser depreciation was charged. The new vehicles were put on the road for the first time during the year 1955-56 and some old ones had been removed. The C&AG pointed out that the present system of calculating depreciation was defective inasmuch as it did not take into account the replacement cost of vehicles but was

based merely on the initial cost. He added that the purchases of new vehicles at high rates would thus involve the company in a heavy burden.

The Committee desired that the present system of charging depreciation should be re-examined in consultation with C&AG.

In reply to a question, the General Manager stated that no income-tax was paid by the Himachal Transport as it was being run departmentally.

118. *Condemnation of Vehicles.*—Explaining the procedure followed for condemnation of vehicles, the General Manager stated that the life of a petrol driven vehicle was considered to be over after it had done 1 lakh miles unless it was rendered unfit earlier in an accident. He added that previously in some cases they continued to use the vehicles even after their normal span of life. But now this had been stopped. The condemned vehicles were disposed of by auction. In reply to a question, whether a reserve of vehicles was kept for emergencies he stated that except for those vehicles which were on the sick list, the remaining vehicles were put on the road. The proportion of the sick vehicles was stated to range between 15% to 25%. When asked whether the unserviceable vehicles were cannibalized before disposal, the General Manager replied in the negative.

On a query by the C&AG whether the vehicles in fit condition after completing their normal life could not be continued in service, the representative of the Home Ministry replied that on hilly roads that would involve breakdowns and inconvenience to public. Besides, any longer usage of such vehicles would ultimately reduce their disposal value.

In reply to a question, the General Manager stated that they had decided to put on service two makes of vehicles *viz.*, Premiers and Tata-Mercedes. They had also purchased a few Hindustan vehicles. On being pointed out that the position regarding spare parts could be easier if they adopted one type, he stated that by having two types, they could depend upon one when there was difficulty in regard to the other.

As regards repairs of the vehicles, it was stated by the General Manager that the workshop undertook most of the repairs and in a few cases the vehicles had to be sent to outside workshops. Explaining the reasons for reduction in mileage covered in 1955-56 to 23,83,557 from 24,17,993 in the previous year, he stated that some petrol vehicles with carrying capacity of 17-21 had been replaced by diesel ones with carrying capacity of 26-28 and so lesser number

of vehicles had to be put on the road. In fact, their income had gone up.

*Tariff.*—In reply to a question the General Manager stated that the tariff was based on the running cost obtaining in 1947 and had not been raised upwards although the running cost had risen. The representative of the Home Ministry stated that any increase in the tariff would be unpopular.

119. *Reserve Fund.*—The General Manager stated that their Reserve Fund amounted to Rs. 15 lakhs which had been deposited in the Treasury and no interest was allowed on it. The representative of the Home Ministry stated that this position was due to the fact that the Transport service was being run departmentally and not as an autonomous Corporation. The Comptroller and Auditor General pointed out that in the case of Railways which were also run departmentally, interest was payable by the General Revenues on the Railway Reserve Funds. The Finance Secretary, Himachal Pradesh stated that they had approached the Central Government for allowance of interest on their depreciation Reserve Fund on the analogy of the practice followed in the Punjab. But the Central Government decided that the deposit was not interest bearing. The General Manager added that while interest was being paid by them on the money borrowed, they were not allowed interest on their deposits.

120. To a question, why loss on account of the value of unserviceable stores amounting to Rs. 37,654 during the year 1955-56 was not included in the accounts of that year, the General Manager stated that this would be adjusted after the disposal of stores.

121. As regards monopoly on certain routes by the Himachal Transport where there was competition, the General Manager stated that on these routes the H.P. Transport had to pass through the territory of the Punjab, and, therefore, reciprocally they had also to give permits to the private operators from Punjab to ply through the routes in the H.P. On the routes in the Punjab, they charged the tariff fixed by the Punjab Government which equally applied to the Private operators competing with them, although the private operators might charge less which Government transport could not do. When asked to compare the rates charged per mile on competitive and non-competitive routes, he stated that on non-competitive routes they were charging 15 pies per mile from lower class passengers and the same rate had been fixed by Punjab Government on joint routes on tarred roads. In fact, on non-competitive routes they were giving cheaper service to passengers by charging the same rates in spite of the fact that roads were *kacha*, narrow and difficult.

In reply to a question, the G.M. stated that on exclusive routes, potatoes were hauled by the Himachal Transport while on the joint routes these were carried both by private operators and the Himachal Transport Service. When his attention was drawn to the hire charges for vehicles paid by the Himachal Transport to the tune of Rs. 11,297 during the year 1954-55, he stated that their usable trucks numbering 110 to 115 were not sufficient to cope with the movement of potatoes from the interior during the season and so it was necessary to hire private trucks. Secondly, certain growers were desirous of hiring trucks for carrying their produce direct to the Punjab which was convenient to both the growers and the Transport. They gained on the whole 10 per cent on hired trucks.

122. *Uniforms.*—The Committee wanted to know the justification of spending a sum of Rs. 31,799 on uniforms in 1955-56 when only uniforms worth Rs. 6,906 were utilised during the year. The General Manager stated that the uniforms required for use in the following year were purchased in that year (1955-56). The purchase in this case actually represented only a year's requirements which roughly worked out to Rs. 30,000.

123. The Committee suggested that the accounting procedure of the Himachal Transport Service might be re-examined in consultation with audit with a view to investigating the possibility of the separation of the accounts from the departmental accounts. The Committee also desired that the Transport Service should maintain proper statistics in regard to sick vehicles, their proportion to the vehicles actually put on the road, etc. and apprise the Administrative and Finance Departments about the position in this regard periodically.

124. In regard to competition with other private operators and the Punjab Government on joint routes, the Committee desired that some arrangement might be arrived at between the two Governments to avoid unhealthy competition.

125. *Telephone Charges.*—To a question regarding increase in telephone charges in two years, the General Manager stated that in the interest of providing more facilities to the public, they had increased the number of telephones. They had also to deal with far-flung places. In reply to a question it was stated that the calls were not on message rate system.

126. *Sundry Debtors.*—With regard to Sundry debtors, the Committee desired that huge amounts outstanding from the Himachal Pradesh Government should be realised early. The General Manager stated that with effect from the last year, the Government had adopted the procedure of issuing credit notes and they

were now not incurring any liabilities. As regards the previous outstandings, they had realised 4-5 lakhs and by the end of the current year the position would improve further.

127. *Establishment charges.*—With regard to the rise in expenditure on establishment by 21% during the year 1955-56, over the preceding year, the General Manager stated that this was mainly due to increase in the scale of pay of drivers from 60 to 80 p.m. and an overall increase of Rs. 5 in the allowances of all employees. In addition, 75 persons were employed to look after welfare of labour.

128. *Kulu Valley Transport.*—The Committee wanted to know the proportion of shares held by Himachal Pradesh Administration in the Kulu Valley Transport. The G.M. stated that out of the share-capital of Rs. 5 lakhs, the Administration had a share worth Rs. 3,08,000 *i.e.* about 60% and the balance was held by Railways and private parties. At the time of purchase of a majority of shares by the Administration an Agreement was made with the Railways who held major shares previously that all the liabilities which stood on the date of agreement would be met by the old share-holders.

Explaining the reasons for losses in the financial working of the Company, the G.M. Himachal Transport stated that a loss of Rs. 2.20 lakhs included in the accounts of the Company related to the late Company—New Kulu Valley Transport Co., which according to the agreement was not the liability of the share-holders of the present company. In fact, after the Administration took over control of the company in 1953, its working had shown profits. The position could not be correctly exhibited in the balance sheets pending the approval of the agreement by the Government of India.

In reply to a question, the General Manager, Himachal Transport stated that the head of H.P. Transport Department was also the Director incharge of the Company. The Board of Directors included five Members—two from Railways and three from Himachal Pradesh Administration. The Chairman of the Board was a nominee of the Railway Administration. When asked to explain the justification for taking over the Kulu Valley Transport when the Himachal Government Transport was already running their services on those routes, the representative of the Home Ministry stated that this was done to avoid unhealthy competition, for had the Company been purchased by a private operator, there would have been an unhealthy competition with the Government Transport system.

The Committee then adjourned till 9.30 hours on the 19th June, 1958.



**Proceedings of the Fifth Sitting of the Public Accounts Committee  
held on the 19th June, 1958 at Gorton Castle, Simla**

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129. The Committee sat from 9·30 to 13·00 hours.

PRESENT

Shri T. N. Singh—*Chairman*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri N. R. M. Swamy
4. Shri Rameshwar Sahu
5. Pandit Jwala Prashad Jyotishi
6. Shri T. Sanganna
7. Shri Upendranath Barman
8. Shri Prabhat Kar
9. Shri N. G. Ranga
10. Shri H. C. Dasappa
11. Shri Khushwaqt Rai
12. Shri N. Siva Raj
13. Shri Aurobindo Ghosal
14. Shri Jaipal Singh
15. Rajkumari Amrit Kaur
16. Shri Amolakh Chand
17. Shri T. R. Deogirikar
18. Shri S. Venkataraman
19. Shri M. Govinda Reddy
20. Shri Rohit Manushankar Dave
21. Shri M. Basavapunniah

Shri A. K. Chanda, *Comptroller and Auditor General of  
India.*

Shri P. C. Padhi, *Additional Deputy Comptroller and  
Auditor General.*

Shri K. K. Iyengar, *Accountant General, Punjab.*

## SECRETARIAT

Shri M. C. Chawla—*Under Secretary.*

## WITNESSES

*Ministry of Home Affairs*

Shri V. Vishwanathan, *Special Secretary.*

Shri R. S. Bahl, *Deputy Secretary.*

*Ministry of Finance*

Shri Shiv Naubh Singh, *Joint Secretary.*

*Himachal Pradesh Administration*

Shri K. N. Channa, *Chief Secretary.*

Shri C. D. Saklani, *Finance Secretary.*

(*Co-operative and Supplies Deptts.*)

Shri H. S. Negi, *Assistant Secretary.*

Shri Thakur Sen Negi, *Secretary, Forests, Agriculture, Veterinary, Industries and Supplies, Controller of Printing and Stationery, and Development Commissioner.*

Shri D. C. Kaith, *Chief Conservator of Forests.*

Shri L. S. Negi, *Director of Agriculture.*

Shri G. C. Negi, *Deputy Director of Animal Husbandry.*

Shri Ghuman Singh, *Assistant Director of Industries.*

Rao Gajraj Singh, *Chairman, Punjab P.A.C. accompanied by 3 Members, viz., Giani Gurdit Singh, Shri Hans Raj Sharma and Shri Mani Lal were also present to watch the proceedings).*

130. The Committee took up further consideration of the Appropriation Accounts of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (upto 31st October, 1956) and Finance Accounts, 1955-56.

## FOREST DEPARTMENT

Page 35—Note 5—*Appropriation Accounts, 1955-56—Unrealised forest revenue*

131. In this case, a sum of rupees one lakh, representing forest revenue in respect of the pre-merger period, was outstanding against a contractor in the accounts of a forest division. According to Audit, a sum of Rs. 50,000 was deposited in March, 1948 by an

agent of the contractor in the Imperial Bank of India (now State Bank of India) in the private account of the ruler of the erstwhile State. The Government of India after considering the legal aspects of the case decided not to enforce the recovery either from the heirs of the late ruler or from those of the agent concerned and accorded sanction to the write-off of the amount in question as one of the pre-merger irregularities in the finance and accounting system of the erstwhile State. As regards the balance of Rs. 50,000, the amount is yet to be recovered from the contractor.

Explaining the justification for writing off the amount that had been paid by the contractor to the late ruler, the representative of the Ministry of Home Affairs stated that in regard to settlement of accounts with ex-rulers, Government were guided by the principle that a liability of a private party to an erstwhile State was liquidated if the amount had been paid into the treasury of that State or to the ruler before merger; but if it was outstanding, the amount became payable to the succeeding State. As regards recovery from an ex-ruler, the question of settlement of any amounts due to the Government *vis-a-vis* his private property was the subject matter of a political settlement with the ruler and was not subject to ordinary rules. The position in regard to outstandings from the ex-rulers, he added, had already been explained to the Committee in a note submitted on para 17 of their Fifteenth Report (1954-55).

In regard to the balance of Rs. 50,000, the representative of the Home Ministry added that the contractor now contended that he had already paid this amount to the ruler. Government had not yet been able to verify the statement of the contractor and they were investigating the case. The amount would be recovered from the contractor if his statement was proved to be incorrect.

In reply to a question, the representative of the Home Ministry stated that at the time of settlement with the ruler in the present case, the first amount of Rs. 50,000 received by him from the contractor had been left as his personal asset by the Government of India, as he then happened to be a composite personality.

According to audit, the examination of accounts of the treasury of the State in question revealed that the second amount had not been paid by the contractor. In fact, the first amount paid by the contractor into the personal account of the ex-ruler in the Imperial Bank of India on the 18th March, 1948 had been adjusted in the cash book of the treasury on the 11th August, 1948 but no other payment had been made by him.

The representative of the Home Ministry admitted that there had been unjustifiable delay in investigating this case. He undertook to have the inquiries completed as soon as possible and to submit a report to the Committee.

*Page 2—para 5—Appropriation Accounts 1956-57 (upto 31st October, 1956)—Audit of Receipts*

132. The Audit para disclosed the following two important irregularities during the local audit in respect of 7 Forest Divisions (from 1st April to 31st October, 1956):—

- (i) In one division, a sum of Rs. 38,080 was not realised from a contractor on account of penalty to be levied for the late setting up of pots for resin extraction.
- (ii) In two divisions, a sum of Rs. 8,048 was realised less on account of compensation for compounding of forest offences.

The representative of the Ministry of Home Affairs stated that the contract in the first case had been given to a cooperative society formed for this purpose. A smaller quantity of resin was extracted during the season due to delay in awarding the contract by the State Government and to the late starting of the resin extraction operations by the society partly on account of a forest fire. The State Government had decided to waive the recovery from the cooperative society in consideration of the hardship to the latter. In reply to a question, he stated that there had been delay in awarding the contract as Government were considering for a long time whether the contract should be given to the co-operative Society or to a private contractor. He admitted that the Cooperative Society was only partly responsible for late starting of the extraction operations and the Government might not have been able to effect full recovery from the Contractor had the case been referred for arbitration.

With regard to the second case, the representative of the Ministry of Home Affairs stated that the short recovery of compensation for compounding forest offences amounting to Rs. 8,048 represented the reductions allowed in the maximum rate of penalty by the Forest Officers under their discretionary powers. In reply to a question, the Chief Conservator of Forests stated that the annual average of cases in which the discretion was exercised by the Forest Officers had decreased from 600 to 102.

*Page 2—Para 4—Appropriation Accounts 1956-57 (upto 31st October, 1956)*

133. The Committee drew attention to the losses amounting to Rs. 2,201 and 1,159 on account of irrecoverable arrears from a contractor and shortage of timber stock respectively.

The Chief Conservator of Forests stated that in both these cases, a depot clerk had misappropriated the amounts and falsely attributed the losses to the reasons stated in the audit para. The depot clerk had been convicted by a court in another case of embezzlement and subsequently dismissed from service. On being pointed out that the Chief Conservator of Forests had stated in a letter that the loss was occasioned because the physical stock verification was not done by the Range Officers and Divisional Forest Officers, he stated that since then they were doing it. As regards the disciplinary action proposed to be taken against the officers concerned for their contributory negligence, the Committee desired that a further report should be submitted to them, as the explanations submitted did not appear satisfactory.

*Page 27—Finance Accounts, 1955-56—Sub-head X—Forest.*

134. The Committee drew attention to the Forest Revenue amounting to Rs. 84,16,440 during the year, 1955-56 mainly from timber and wanted to know whether the forests were being denuded in order to get revenues for other purposes. The Chief Conservator of Forests stated that there were three types of forests in the state, viz., reserve forests, demarcated forests and un-demarcated forests. The first two categories of forests were exploited on a planned sustained yield basis. Whatever trees were cut were made good and thus there was no denudation. The undemarcated forests were, however, subjected to certain rights of the local people who were allowed unlimited grazing and collection of firewood etc. and in these areas erosion did take place. Government were thinking of closing these areas under the Indian Forests Act. He added that for want of funds, the Department could not do their best to conserve the forest in the catchment areas. In reply to a question, he stated that they also received a certain percentage of revenue from the privately owned forests for which they worked out plans, etc.

In reply to a question, the Finance Secretary stated that the receipts amounting to Rs. 4,66,568 under "Miscellaneous" in the Accounts related to the realisation of fines, penalties, etc. from the Contractors.

When his attention was drawn to the trees valuing Rs. 451 given free of charge for reconstruction of a burnt hut referred to in para 5 at page 31 of the Appropriation Accounts, 1954-55, the Chief Conservator of Forests stated that whenever there was a fire in a village, timber was supplied free of cost for the residents' rehabilitation.

*Losses beyond control:*

Explaining the reasons for losses beyond control amounting to Rs. 10,596 referred to in the Stores Account of the Forest Department at page 32 of the Appropriation Accounts, 1954-55, the Chief Conservator of Forests stated that these related to thefts of timber during transit in rivers or losses due to floods.

## OUTSTANDING RECOMMENDATIONS OF THE HIMACHAL PRADESH P.A.C.

*\*Para 20 of the Second Report of the H.P.P.A.C.—Statement showing action taken on the outstanding recommendations of the Himachal Pradesh P.A.C.—Item 15.*

135. The Administration had stated that out of the outstandings amounting to Rs. 25,53,282 due to the Forest Department as on 1-4-56 a sum of Rs. 21,08,319 was still due for recovery. The Chief Conservator of Forests stated that a sum of Rs. 5 lakhs was due for recovery from the Punjab Government and it was under correspondence with that Government. Likewise a sum of Rs. 5 lakhs relating to securities of the late Bushahr State which were lying with the Raja Sahib of Bushahr was due for recovery and it was also under the consideration of the H.P. Administration. Two cases of outstandings against two contractors were expected to be settled during the current year.

*\*Para 17 of the First Report of the H.P. P.A.C.—Statement showing action taken on the outstanding recommendations—Item 1.*

136. Pursuant to the recommendation of the State P.A.C. that the forests should be departmentally exploited for extraction of timber and other products to the maximum possible extent, it was stated that the departmental exploitation in Chamba circle could not be undertaken due to lack of experienced personnel and higher prices obtaining for standing trees. The representative of the Ministry of Home Affairs stated that some of the Forests were inaccessible where only the contractor could penetrate for his own interest and it was, therefore uneconomical to exploit them departmentally. On being pointed out that the contractors might be damaging the forests by indiscriminately felling the trees, the Chief Conservator of Forests stated that his staff kept a close watch on the activities of the contractors. He added that the contractors who had control over local labour could do the work better. Intervening, the repre-

representative of the Ministry of Finance stated that in the case of the C.P.W.D. also, the Government had come to the conclusion that departmental construction was not economical and on that analogy the contract system might be more economical in the exploitation of forests also. The C. & A.G., however, pointed out that the analogy of C.P.W.D. could not be applied in the case of forests because of important considerations of conservation of forests, scientific planning, etc. He suggested that in departmental exploitation, certain items like felling of trees and transportation etc. could be given to the contractors and this would also solve the labour problem referred to by the Chief Conservator of Forests.

The Committee suggested that the contracts for felling of trees etc. should be given to small local contractors instead of to big contractors from outside in order to help the local people. The Chief Conservator of Forests stated that most of the contractors were local people who engaged local labour except for special jobs. He, however, added that without sufficient funds the forests could not be worked, which small contractors would not be able to provide.

#### AGRICULTURE DEPARTMENT

137. The Committee referred to certain figures of holdings of land per family and the total area under irrigation in Himachal Pradesh shown in a pamphlet published by the Publicity Department of the Himachal Pradesh Administration. The representative of the Agriculture Department admitted that the figures were wrong and gave the correct figures of family holdings as 6 acres and area under irrigation as 96,000 acres.

In reply to a question, the representative of the Agriculture Department stated that under a scheme sanctioned by the Government of India recently, they proposed to establish two fruit preservation units in Kotgarh and Chini in Himachal Pradesh. They also proposed to establish canning industry in the private sector at Kotgarh, which was associated with the fruit preservation industry. Training classes in fruit preservation had been started for giving training to school boys and girls and to the women who were interested to learn fruit preservation as a cottage industry. In reply to a question, he stated that they had no plan to establish liquor extracting industry from fruits.

As regards the production of food-grains in Himachal Pradesh, the representative of the Agriculture Department stated that on the whole they were more or less self-sufficient and had not to import much. The difficulty was only about the lack of means of transport-

ing food-grains to deficit areas. They were trying to increase the yield of maize by introducing hybrid maize. In reply to a question, he stated that peas were exported to the plains.

#### VETERINARY

Page 87—Note 5—Appropriation Accounts, 1954-55 and Page 109—  
Note 5—Appropriation Accounts, 1955-56

138. The Committee wanted to know the reasons for losses relating to unserviceable articles amounting Rs. 1,721 in 1954-55 and useless, medicines costing Rs. 2,851 in 1955-56. The representative of the Veterinary Department stated that the first item referred to the apparatus rendered unserviceable due to normal wear and tear and the second item related to certain sera and vaccines which had become time-barred. They were stocked for emergencies.

#### *Cow breeding*

139. In reply to a question, the representative of the Veterinary Department stated that they were improving the breed of cows by introducing improved type of bulls under the All-India Key Village Scheme. Breeding centres had been opened at various places. An increased yield of milk upto 7 pounds had been observed in the first progeny. They also intended to import bulls from abroad.

#### *Sheep breeding*

140. As regards sheep breeding in the State, the representative of the Veterinary Department stated that in the year 1953 the Indian Council of Agricultural Research had sanctioned a scheme for improvement in the indigenous breed of sheep by introducing improved type of sheep imported from America and Australia. The State Government established in 1955 a sheep breeding centre, 600 acres in area, and had imported rams and ewes from America and Australia. They were experimenting in cross-breeding and line-breeding with a view to improving the existing breed. They had distributed 61 rams imported from Australia to the various breeders with a view to watching their behaviour under village conditions. In reply to a question, he stated that the present yield of sheep was hardly 2 pounds of wool while a rambouillet yielded 15 pounds. In the half-breds, the yield had increased to 4 pounds.

In reply to a question, the representative of the Veterinary Department stated that under the Key Village Scheme, they were also experimenting in artificial insemination where cows were in



large numbers. In sparsely cow populated areas, they were resorting to only natural breeding and increasing the number of pedigree bulls.

As regards marketing of raw wool, it was stated that half the farm produce was given to the Industries Department and the remaining half was sold in the open market. In reply to a question whether there was proper coordination between the Veterinary and Industries Departments for marketing the wool outside the State, the representative of the Veterinary Department replied in the affirmative. In reply to another question, he stated that *pashmina* wool was still coming from Tibet.

#### INDUSTRIES AND SUPPLIES DEPARTMENT

Page 122—Appropriation Accounts, 1955-56—paras 4 & 5. *Withdrawal of money to avoid lapse of grant.*

141. In the following two cases money was withdrawn at the close of the year to avoid lapse of grants:—

- (i) The head of an office withdrew a sum of Rs. 2,896 from a treasury on the 31st March, 1956 for purchase of two hank-making and one straw-crushing machines. The order for the supply was placed with the firm on 29th March, 1956. These machines were actually received in April, 1956 and payment therefor was made on the 1st May, 1956.
- (ii) In a department, the head of an institution withdrew on the 31st March, 1956 a sum of Rs. 1,736 from the treasury and retained it in hand till actual disbursement on the 2nd August, 1956.

The representative of the Industries and Supplies Department stated that in the first case the suppliers had promised to make the supplies immediately but there were some delays.

In the second case, the incharge of sports-goods centre who was responsible for the irregularity had also been involved in certain other irregularities and was dismissed from service. No action was, however, taken against him for this irregularity but a general circular was issued to all concerned not to repeat such things.

The Committee suggested that the Departments should adopt the procedure laid down by the C. & A. G. in a circular issued by him to meet such situations. According to this procedure, in addition to

the ordinary form of expenditure, the departments were required to maintain a liability register so that when a demand actually arose, it might be paid.

**Weaving and training-cum-production centres.**

142. The Committee wanted to know the progress made by the weaving and training-cum-production centres. The representative of the Industries Department stated that five centres had been opened at Rampur, Chamba, Mandi, Bilaspur and Sundernagar. These centres were imparting training as also doing some production work. In reply to a question, he stated that after the training, the artisans rehabilitated themselves in the trade. In all the centres, the total number of trainees at present was 300.

When his attention was drawn to the expenditure amounting to Rs. 22,000 on other charges in the Bilaspur Training Centre when the expenditure on establishment was only Rs. 90, the representative of the Industries Department stated that the centre had been started only during the current year and the amount on other charges represented expenditure on raw materials and equipment, etc. Only one person had been posted there and, therefore, the expenditure on pay of establishment was less.

143. *Sericulture.*—The representative of the Industries Department stated that the sericulture scheme had been recently started in the State and they had made satisfactory progress. During the last financial year they had been able to produce 13,000 pounds of cocoons and 400 maunds of silk.

144. *Sports Goods Industry.*—The representative of the Industries Department stated that the mulberry wood found in Chamba was not knot-free and they had to drop the idea of starting a Sports goods training centre for utilisation of this wood.

The Committee desired that the Industries Department should maintain contacts with the trainees after completion of their training in the various centres opened by the Himachal Pradesh Administration, with a view to ensuring that they were properly rehabilitated in their respective trades.

145. *Excess over Grants.*—The Committee recommended the regularisation of an excess of Rs. 5,50,000 under Grant No. 33-A-Capital Outlay on Industrial Development which was due to an erroneous provision under Grant No. 19-Cooperation.

## COMMUNITY DEVELOPMENT

*Page 3—para 6 of Appropriation Accounts, 1955-56—Grant No. 31—Community Development Projects, National Extension Service and Local Development Works*

146. The Committee wanted to know the reasons for obtaining the supplementary grant of Rs. 11 lakhs under this head while even the original grant of Rs. 43,33,000 could not be fully utilised during the year. The representative of the Community Development Department stated that the control over the expenditure in the Department had since improved inasmuch as in the last financial year the percentage of savings was only 16.

*Page 182—Grant No. 31—Community Development Projects, National Extension Service and Local Development Works*

147. The Committee drew attention to the surrender of Rs. 3,30,500 out of the grant of Rs. 3,89,000 under sub-head I—Communications. The representative of the Community Development Department stated that the saving was due to a defect in the procedure of making provision under Schematic Budget. Under this procedure, provision was made for loans to private parties for execution of minor irrigation works which could not be utilised by the people because the return was not adequate to enable them to pay off the debt. The procedure had now been modified. According to the revised procedure, people were offered loans if they wanted to have, otherwise the money was spent departmentally on the undertaking that the expenditure would be paid back by the people in the form of betterment levies. The funds provided for under this head could also be spent now on alternative proposals such as soil conservation work, terracing, contour-bunding and laying out orchards etc.

In reply to a question whether the matching grants provided by the Centre had been utilised by the State Government the representative of the Finance Department stated that they were not able to contribute the 50% share of the State and the position was accepted by the Government of India. As regards the people's contribution on matching basis, it varied.

148. *Education.*—The Committee drew attention to the saving under sub-head F—Education (Grant No. 29) amounting to Rs. 57,000 during the year 1954-55 due to non-starting of schools for want of trained staff and wanted to know the reasons for non-availability of teachers. The representative of the Community Development Department stated that in Himachal Pradesh, there was scarcity of trained teachers and people from outside were not willing to serve in the State because of difficult conditions. The position had, however, improved to some extent now.

The Committee then adjourned to meet at 9-30 hours on the 20th June, 1958.

**Proceedings of the Sixth Sitting of the Public Accounts Committee  
held on Friday, the 20th June, 1958 at Gorton Castle, Simla**

149. The Committee sat from 9-30 hours to 13-00 hours.

**PRESENT**

Shri T. N. Singh—*Chairman.*

**MEMBERS**

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri N. G. Ranga
11. Shri H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Rai
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiiah

Shri A. K. Chanda, *Comptroller and Auditor General of  
India.*

Shri P. C. Padhi, *Additional Deputy Comptroller and Auditor General.*

Shri K. K. Iyengar, *Accountant General, Punjab.*

SECRETARIAT

Shri M. C. Chawla, *Under Secretary.*

WITNESSES

*Ministry of Home Affairs*

Shri V. Vishwanathan, *Special Secretary.*

Shri R. S. Bahl, *Deputy Secretary.*

*Ministry of Finance*

Shri Shiv Naubh Singh, *Joint Secretary.*

*Himachal Pradesh Administration*

Shri K. N. Channa, I.A.S., *Chief Secretary.*

Shri C. D. Saklani, I.A. & A.S., *Finance Secretary.*

Shri H. S. Negi, *Dy. Registrar, Co-operative Societies.*

Shri T. S. Negi, *Development Commissioner, Himachal Pradesh.*

Shri Ghuman Singh, *Assistant Director (Industries), Himachal Pradesh.*

Shri D. C. Kaith, *Chief Conservator of Forests, Himachal Pradesh.*

Shri R. S. Chopra, *Conservator of Forests, Himachal Pradesh.*

Shri Basant Rai, *Director of Social Welfare, Himachal Pradesh.*

Shri A. Nath, *Manager, Rosin and Turpentine Factory, Nahan.*

(Shri Hans Raj Sharma, *Member of the Punjab Public Accounts Committee* was also present to watch the proceedings).

150. The Committee took up further consideration of the Appropriation Accounts of Himachal Pradesh for 1954-55, 1955-56 and 1956-57 (upto 31st October, 1956) and Finance Accounts 1955-56 and Audit Reports, thereon.

## INDUSTRIES AND SUPPLIES DEPARTMENT

*Himachal Government Rosin and Turpentine Factory, Nahan, Pages 109—124—Appropriation Accounts 1954-55 and pages 123 to 138—Appropriation Accounts, 1955-56.*

*Management*

151. Explaining the background of establishment of this factory, the representative of the Home Ministry stated that the factory was started as a result of an agreement entered into by the erstwhile Sirmur State with M/s Gopal Singh & Sons in November, 1945. It was inherited by the H.P. Government after merger of the State. According to the agreement the factory was entirely financed by Government and M/s Gopal Singh & Sons were appointed as Managing Agents to work on commission basis.

A Rosin Board was formed in 1948 to supervise the working of the factory. It held half yearly meetings and issued necessary instructions to the Managing Directors as required under the terms of contract. The Board scrutinised the budget estimates and supplementary demands prepared by the Managing Agents before they were sent to Government.

Coming to the present position of working of the agreement, he stated that the H.P. Administration had served a notice on the Managing Agents terminating the agreement with them. The Managing Agents had appointed an arbitrator and Government had asked for sometime to appoint their arbitrator. The Managing Agents left the factory in September, 1957; the factory was since being looked after by a wholetime departmental manager.

The Managing Agents had appointed 4 selling agents on commission basis for the sale of the finished products of the factory. Out of them, 3 had been removed. Cases against 2 of them were pending in Law Courts and in respect of the third the Administration was going in for arbitration. The fourth selling Agent was continuing on the original terms entered into with the Managing Agents.

*Production*

152. The Committee drew attention to the non-working of the factory to its full capacity for three months during the year 1955-56 due to inadequate supply of resin by the Forest Department. The representative of the Industries Department stated that the requirements of resin by the factory for a particular year were communicated to the Forest Department one year in advance by the Rosin Board.

He added that in 1952-53, the factory purchased large stocks of resin in anticipation of installing an additional distillation plant for which an order had been placed on the Director General of Supplies and Disposals. But subsequently it was decided to cancel the order for the Plant which resulted in heavy carry over of stocks of resin to the subsequent years and its deterioration. The Managing Agents had, therefore, been asked to work out the requirements taking into account the previous stocks. The representative of the Ministry of Home Affairs admitted that it was a mistake to have purchased large stocks of resin in advance of the actual installation of the plant.

In reply to a question, the representative of the Industries Department (H.P.) stated that the proposal for installation of the second plant was dropped due to the factory not having reached economic production. When his attention was drawn to a note\* submitted by the Industries Department stating that the factory had actually made profits during the period 1950-51 to 1952-53, he stated that the profits were due to an abnormal rise in the sale price of resin. He admitted that the factory was working only to 55/60 per cent. of its capacity when the order for an additional plant was placed.

Referring to the figures of actual consumption of resin by the factory during the years 1955-56 and 1956-57 as shown in Annexure B to the note\* submitted by the Industries Department, the Committee enquired the reasons for the sharp decline in production in these years. The representative of the Industries Department stated that the decline in production was due to sale of accumulated stocks of the previous years by the Managing Agents. In reply to a question, the representative of the Home Ministry stated that no reduction in the workers' strength of the factory had been made although the production had gone down.

#### *Financial working*

153. Explaining the procedure followed for fixing the price charged by the Forest Departments for the resin supplied to the factory, the representative of the Ministry of Home Affairs stated that it was determined by taking into account the actual cost of extraction of resin in the forest plus average royalty per 1,000 blazes as obtained by public auction in other forests in the Himachal Pradesh. He added that the former Chief Commissioner, had evolved a formula for working out the price of resin chargeable by the Forest Department by calculating it backwards and linking it with the sale price of the finished product obtaining in the Bombay market. But this procedure was discontinued because of certain difficulties. The Committee

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\*Not Printed.

drew attention to the remarks of the Managing Agents as set forth in para 7 of their report at page 124 of the Appropriation Accounts for the year 1955-56 that the U.P. Government Rosin and Turpentine Factory at Bareilly was getting resin at Rs. 13 to 16 per maund, whilst they had to pay over Rs. 20 per maund. The representative of the Forest Department stated that in U.P. the Forest Department was supplying resin to the factory at its cost price and it shared the profits of the factory in proportion of 40 : 60. When his attention was drawn to the remarks of the Industries Department contained in their note\* *ibid* that the price of resin paid by the factory during 1956-57 worked out to Rs. 31.30 per maund because of low yield of resin in the forests of Sirmur, Simla and Solan Divisions allotted to the factory as compared to other areas, the representative of the Forest Department stated that if the supplies were made from other areas the freight charges would be much higher. The representative of the Ministry of Home Affairs stated that to remedy such a situation, the formula suggested by the former Chief Commissioner was a fair basis for calculating the price of resin chargeable by the Forest Department.

With regard to the actual causes for losses in the financial working of the factory, the representative of the Home Ministry stated that these formed the subject matter of a legal dispute between the Government and the Managing Agents which was *sub judice* at present.

Pages 114—117—Appropriation Accounts, 1954-55—Trading and Profit and Loss Account

154. The Committee drew attention to the increase in the selling agents' Commission from Rs. 19,132 for the previous year to Rs. 26,672 in 1954-55 while there was a decrease in the sales to Rs. 12,77,553 from Rs. 18,55,303 in the corresponding year. The representative of the Home Ministry stated that this was due to more direct sales without the agency of selling agents during the year 1953-54. In reply to a question, he stated that the rate of commission of the selling agents was fixed at 2½ per cent. and no commission was allowed on direct sales.

Page 109—Para 3—Appropriation Accounts, 1954-55

155. *Disposal of empty tins.*—The Committee wanted to know the reasons for writing off a sum of Rs. 33,879 on account of empty tins supplied to the Forest Department for extraction of resin. The Manager of the Factory stated that in this case there was a dispute

\*Not Printed.



with the Forest Department over the price payable by the Forest Department to the factory for the tins and subsequently they agreed to pay this amount less the amount written off. As the Committee were not satisfied with the explanations given, the representative of the Ministry of Home Affairs promised to look into the matter and submit a note to them.

#### SOCIAL WELFARE

##### *Page 14—Para 16—Appropriation Accounts, 1955-56*

156. Grants-in-aid aggregating Rs. 18,260 were sanctioned by the State Government to the State Social Welfare Board on the basis of 25 per cent. of the total expenditure incurred on Welfare Extension Projects during the year 1955-56. According to Audit, the expenditure actually incurred amounted to Rs. 32,389 and the State share accordingly worked out to Rs. 8,097 only.

The representative of the Ministry of Home Affairs stated that it was subsequently discovered that they had underpaid the Social Welfare Board. Explaining the procedure followed in payment of grants-in-aid to the Local Board, the Finance Secretary stated that after the estimates of certain projects prepared by the Board had been approved by the Central Welfare Board, the State Government paid a certain percentage of the estimated expenditure. After the close of year, they checked from audited accounts of the Board the actual expenditure and made adjustments accordingly.

#### JUSTICE

*S. No. 19 of Appendix V to Second Report—Para 15 of the Second Report of the H.P. PAC—Item 11 of the Statement showing action taken on the outstanding recommendations of the State P.A.C.*

157. In this case, an avoidable expenditure of Rs. 715 as costs in civil suit had to be incurred by the State Government as a result of delay in dealing with an application of a depositor for the refund of his security. The administration stated that the Deputy Commissioner concerned who was asked to fix the responsibility had stated that it was not possible to apportion the responsibility on anybody conclusively. He referred the file to the Finance Department where it was burnt in the H.P. Secretariat fire. Subsequently the Finance Department agreed to drop the matter. In reply to a question the Finance Secretary stated that no duplicate records in respect of this case were available in the district headquarters. The Committee did not like to pursue the matter further.

## FINANCE DEPARTMENT

*Page 14—Para 20 of Appropriation Accounts, 1954-55 and Page 16—  
Para 21—Appropriation Accounts, 1955-56.*

158. During the year 1955-56 grants-in-aid to the various institutions aggregating Rs. 18,73,040 were sanctioned by the State Government. Out of this amount, grants aggregating Rs. 11,69,415 were drawn in March, 1956.

The Committee wanted to know the reasons for non-withdrawal of more than 62 per cent. of the grants until the closing month of the financial year. The representative of the Finance Department (HP) stated that in a number of cases the procedural details which had to be followed caused delay. In some cases, information regarding utilisation of the previous grants had to be called for or the grantees approached them late. He assured the Committee that instructions would be issued that grantees should come up with their proposals early so that grants could be sanctioned in time. With regard to the framing of rules to regulate payment of grants-in-aid, he stated that Rules had been framed in respect of two major Departments which sanctioned the grants.

When his attention was drawn to two cases referred to in para 20 of Audit Report, 1956, where 100 per cent. and 50 per cent. grants had been sanctioned instead of 50 per cent. and 25 per cent. respectively admissible under the rules, the Finance Secretary (H.P.) stated that these would be regulated according to the rules. The Committee desired to be furnished with particulars of the institutions to whom 100 per cent. grants were given. In reply to a question, the Finance Secretary (H.P.) stated that normally the grants were made on the basis of budget estimates of the various schemes after scrutinizing them.

*Pages 62—65—Finance Accounts, 1955-56, Loans from the Central  
Government*

159. The Committee wanted to know the reasons why the Government of India had not specified the rate of interest in respect of the loans granted by them to the H.P. Government. The representative of the Ministry of Finance stated that prior to 1st April, 1954, Part 'C' States had no capital Budget. With the amendment of the Part 'C' States Act, the scope of the Consolidated Fund of Part 'C' States was enlarged to include loans taken from the Centre and consequently their capital expenditure became the capital expenditure of the States to be met by loans from the Centre. But the question of terms and conditions of the loans to Part 'C' States could not be settled as by

that time the question of Reorganisation of States had cropped up and they could not visualise the future set-up of these States. Under Section 98 of S.R. Act, the loans given to the Part 'C' States which had merged with other States were to be taken as the liability of the succeeding State and the interest would be charged in accordance with the latest decision taken on the recommendations of the Finance Commission. As to Himachal Pradesh, it had become the Union Territory and the loan liability had been wiped off from the books of the H.P. Administration and the Central Government.

The Committee desired that the Ministry of Finance should also assist the co-operative movement in H.P. in obtaining loans from the co-operative Credit Corporation of the Reserve Bank of India at the reduced rate of 2½ per cent by guaranteeing the loans if necessary.

*Excesses over grants/Charged Appropriations*

160. The Committee recommended the regularisation of the following excesses over voted grants/charged appropriations:—

*Appropriation Accounts, 1955-56*

- (i) Grant No. 26—Superannuation Allowances and Pensions (voted)—Rs. 27,234.
  - (ii) Charges on account of repayment of Debt (charged)—Rs. 3,88,458.
  - (iii) Appropriation Accounts—1956-57 (up to 31st October, 1956).
- Grant No. 38—Payment of commuted value of pensions (voted)—Rs. 5,990.

CO-OPERATIVE DEPARTMENT

161. The Committee then resumed discussion on the working of the Enquiry Committee appointed by Government to examine the Co-operative movement in Himachal Pradesh.

In reply to a question, the representative of the Home Ministry stated that the draft report prepared by the Second Chairman of the Enquiry Committee was signed by him but it was not submitted to anybody. The Membership of the Committee was 8— 4 non-officials and 4 officials including the Chairman. At the last sitting of the Committee held on the 13th December, 1957, it did not consider the draft Report circulated by the Chairman due to short notice given to the members. After the term of the Committee

expired on the 13th December, 1957, 3 non-official members submitted notes to the Lt. Governor that they were in general agreement with the draft Report and the notes might be treated as their report. Two of the three notes were dated the 14th December, 1957 and the third one was received in January, 1958.

The Chief Secretary stated that out of 210 pages of the draft Report, 194 pages had been circulated to the Members at the last but one sitting of the Committee held on the morning of the 13th December, 1957 and the remaining pages were made available to them at the sitting that night. In reply to a question, the representative of the Ministry of Home Affairs stated that at an earlier meeting of the Committee it had been decided that the Chairman should prepare a draft report and the Registrar of Cooperative Societies (H.P.) and the representative of the Ministry of Agriculture on the Committee should also prepare notes for consideration by the Committee. But no conclusions on which the drafts were to be based had been arrived at. Neither the Registrar nor the representative of the Ministry of Agriculture, however, prepared any note.

Explaining the terms of reference of the Committee, the representative of the Home Ministry stated that it was appointed to examine the working of Cooperative Movement and to advise Government for adopting ways and means for its proper and efficient working.

162. The representative of the Home Ministry stated that some Departments including the Co-operative Department did not reply to the questionnaire issued by the first Chairman of the Committee. The second Chairman issued a supplementary questionnaire in October, 1957 which entailed collection of information in very great detail from various parts. When asked whether the first Chairman could not hold any meeting for two to three months as the dates fixed for the meeting were inconvenient to the official members, he stated that he was not aware of any such complaint. The representative of the Home Ministry added that he had no reasons to believe that the Cooperative Department did not extend its fullest cooperation to the Enquiry Committee. Even after the second Chairman had been appointed no sitting of the Committee was held from December 1956 to 12 August, 1957 and the entire work was rushed through towards the end of the term of the Committee.

As regards the staff attached to the Committee, it was stated by the representative of the Home Ministry that besides the Deputy Registrar of the Cooperative Societies who was the Secretary of the Committee, a stenographer and an assistant were given to the second Chairman.

Before concluding the Committee desired to be furnished with further information on certain points.

The Committee then adjourned *sine die*.

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**Proceedings of the Forty-sixth sitting of the Public Accounts Committee held on Tuesday, the 3rd March, 1959.**

163. The Committee sat from 16.00 hours to 17.45 hours.

PRESENT

\*Shri H. C. Dasappa—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri Raghubar Dayal Misra
11. Shri Khushwaqt Rai
12. Shri Aurobindo Ghosal
13. Shri Amolakh Chand
14. Shri T. R. Deogirikar
15. Shri Rohit Manushankar Dave.

Shri A. Kalyanaraman, *Deputy Comptroller and Auditor General of India.*

Shri S. Venkataramanan, *Accountant General Central Revenues.*

Shri P. V. R. Rao, *Director of Audit, F.R.S.C.S. and M.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

Shri K. Ranganadham—*Under Secretary.*

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\*In the absence of Prof. N. G. Ranga, Chairman, the Committee chose Shri H. C. Dasappa to act as Chairman for that sitting under rule 258(3) of Rules of Procedure and Conduct of Business in Lok Sabha.

164. At the outset, the Committee considered the Memorandum regarding the regularisation of the excesses over Grants and charged Appropriations disclosed in the Accounts of the former Part C States of Delhi and Himachal Pradesh (Annexure). The Committee agreed with the views expressed by the Ministries of Law and Finance that the excesses relating to the year 1955-56 or earlier years could be regularised by the President by virtue of the powers vested in him by Section 72(2) of the States Reorganisation Act, 1956, while those relating to the first seven months of the year 1956-57 (1st April 1956 to 31st October, 1956) were to be regularised by Parliament in the manner prescribed in Article 115(1) (b) of the Constitution.

165. The Committee then considered and approved the under-mentioned draft Reports subjects to a few additions and alterations here and there :

- (i) Draft 12th Report on the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.
- (ii) Draft 13th Report on the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts for the year 1954-55 and Audit Reports thereon.

The Committee then adjourned till Wednesday, the 18th March, 1959.

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ANNEXURE

LOK SABHA SECRETARIAT

MEMORANDUM NO. IX

Committee on Public Accounts

SUBJECT:—Regularisation of excesses over Grants and charged appropriations disclosed in the Accounts of the former Part C States of Delhi and Himachal Pradesh.

During the course of examination of the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April to 31st October, 1956), the Public Accounts Committee were informed by the representative of the Ministry of Finance that according to the advice given by the Ministry of Law, the Accounts and Audit Reports in respect of the former Part C States of Himachal Pradesh and Delhi relating to the pre-reorganisation period were to be dealt with exactly in the same manner as the Accounts and Audit Reports of the Central Government under Article 151(1) of the Constitution and *ipso facto* any excesses disclosed therein would have to be regularised by Parliament. The relevant extracts from his evidence before the Committee when they examined the question of regularisation of the Excesses in question at their sitting held on 16th June, 1958 are reproduced below:

\* \* \* \* \*

(Shri Shiv Naubh Singh): \* \* \* "In regard to the Union Territories of Himachal Pradesh and Delhi, the Law Ministry's opinion is that they revert to what they were before 1950-51. The Part C States Act was rescinded and they became Union Territories. In their case, the entire procedure applicable to the normal Government of India expenditure will have to be applied."

\* \* \* \* \*

"With the repeal of the Government of Part C States Act, 1951, under Section 131 of the States Reorganisation Act, Government were advised that the accounts of Part C



States should be regarded as part of the accounts of the Union which are regulated under Article 151(1) of the Constitution. Accordingly these had to be submitted to the President for being laid before Parliament. \* \* \* \* Therefore, only in respect of Delhi and Himachal Pradesh the procedure would be exactly as applicable to any department of the Central Government."

2. The Public Accounts Committee accordingly decided to examine under Rule 308(4) of the Rules of Procedure and Conduct of Business in Lok Sabha (5th Edition), the excesses disclosed in the accounts of the former States of Himachal Pradesh and Delhi relating to the pre-reorganisation period and recommend regularisation thereof to Parliament.

3. During the course of examination of the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56, the Public Accounts Committee noted from the statement showing action taken by Government on the Reports of the Public Accounts Committee of the Delhi State Legislative Assembly (now defunct) that there were two cases of excesses relating to the years 1952-53 and 1953-54 which had been recommended by the State Public Accounts Committee, for regularisation by the State Assembly. Government had got these excesses regularised by the President in the exercise of the power conferred on him by Clause (a) of sub-section (2) of Section 72 of the States Reorganisation Act, 1956 and a notification to this effect was published in the Gazette of India dated the 20th July, 1957. It was, however, pointed out by the Committee that the regularisation of these excesses by the President under Section 72(2) of the States Reorganisation Act, 1956 was not in accordance with the view expressed by the representative of the Ministry of Finance during the examination of the Himachal Pradesh Accounts. The Committee, therefore, desired that the matter should be further examined by Government.

As desired by the Committee, the matter was referred to the Ministry of Finance who in consultation with the Ministry of Law examined it further. A copy of the note received from the Ministry of Finance in this connection is contained in Enclosure to this Memorandum.

The matter was placed for consideration by the Working Group of the Public Accounts Committee on the Accounts relating to Himachal Pradesh and Delhi State, who decided at their sitting held on the 25th February, 1959, that the point might be considered by the Main Committee when they took up consideration of the Draft

12th Report on the Himachal Pradesh Accounts at their sitting fixed  
on the 2nd March, 1959.

PARLIAMENT HOUSE,

New Delhi, the 25th February, 1959

*Phalguna 6, 1880 (Saka).*

To

The Chairman and Members of the  
Public Accounts Committee.

ENCLOSURE

MINISTRY OF FINANCE

(Budget Division)

**SUBJECT:**—*Regularisation of excesses of the former Part C States of Delhi and Himachal Pradesh under section 72(2) of the States Reorganisation Act.*

Will the Lok Sabha Secretariat kindly refer to their U.O. No. 2(III) (2)-PAC/58, dated the 4th August 1958 regarding the regularisation of excesses of Part C States under section 72(2) of the States Reorganisation Act?

2. As desired by the Committee, the position has since been further examined in consultation with the Law Ministry. The view taken earlier was that as article 151(2)\* of the Constitution was not applicable to Part C States, section 72 of the States Reorganisation Act was also not applicable to them and that, with the repeal of the Part C States Act, 1951, by section 130 of the States Reorganisation Act, 1956, the accounts and reports relating to Part C States in respect of any period prior to the 31st October, 1956 should be dealt with under article 151(1) of the Constitution. On further consideration the Law Ministry have come to the conclusion that the view regarding the non-applicability of section 72 of the S. R. Act to Part C States would be correct only with reference to sub-section (1) thereof. In so far as sub-section (2) of section 72 is concerned, a specific mention is made therein about Part C States and Parliament in enacting this provision cannot be deemed to have been unaware of the fact that there could not be any reports of the Comptroller and Auditor General under article 151(2) in respect of Part C States. The reports in respect of the former Part C States are covered by the provisions of section 39 B of the Government of Part C States Act, which is almost identical in its content with article 151(2) of the Constitution. When, therefore, section 72(2) of the States Reorganisation Act mentions "the reports referred to in sub-section (1)" it seems to be reasonable to take the view that it covers both the reports falling under article 151(2) of the Constitution as well as

the reports under section 39B of the Government of Part C States Act since it does not expressly include the phrase "referred to in clause (2) of article 151" occurring in sub-section (1) of section 72. This conclusion is supported by the fact that a specific mention of Part C States has been made in sub-section (2), which would otherwise have no meaning whatever.

3. The Law Ministry have accordingly advised, that in so far as Part C States of Delhi and Himachal Pradesh are concerned, the power has been specifically given to the President to regularise by order any excess expenditure in respect of the Financial year 1955-56 or any earlier year. This Ministry are in agreement with the Law Ministry. The regularisation of excesses relating to the former Part C State of Delhi for the years 1952-53 and 1953-54 by an order issued by the President in terms of notifications Nos. S.R.O. 2350 and 2351 dated 6th July, 1957 was therefore in order. Similarly any excess for the subsequent period ending 1955-56 could be regularised by the President by invoking the power conferred upon him under section 72 (2).

4. Section 72 (2) of the States Reorganisation Act does not however make any provision for the excesses relating to the seven months of 1956-57 prior to the coming into force of the States Reorganisation Act, 1956. The excesses, if any, relating to this period in respect of the former Part C States of Delhi and Himachal Pradesh would, therefore, have to be regularised by Parliament in accordance with the provisions of articles 112 to 117 of the Constitution.

Sd/- (SHIV NAUBH SINGH).

*Additional Budget Officer to the Government of India.*

Lok Sabha Secretariat (P.A.C. Branch)

M/F (Budget Divn.) U.O. No. 21 (36)-B/58. dated 30-1-1959.

## APPENDIX

*Statement showing the summary of principal observations/recommendations of the Public Accounts Committee made in their Twelfth Report on the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.*

Sl. No.	Reference to Para No. of Report	Ministry concerned	Summary of conclusions/recommendations
1	2	3	4
1	3	Home Affairs	The Committee recommend that the excesses over Voted Grants/Charged Appropriations disclosed in the Accounts of Himachal Pradesh for the years 1954-55 and 1955-56 may be regularised by the issue of an appropriate Order by the President under Section 72(2) of the States Reorganisation Act, 1956.
2	5	Do . <hr style="width: 100px; margin: 0 auto;"/> All other Ministries	(i) While the Committee appreciate the difficulty in obtaining a Supplementary Grant in the case of Grant—Capital Outlay on Improvement of Public Health—they would like to point out that the Administration had not obviously satisfied itself before sanctioning the expenditure for the execution of the scheme for the Improvement of Public Health, whether provision for this existed in the budget. They would, therefore, draw attention to the importance of impressing upon the actual disbursing officers, the necessity for obtaining funds either by supplementary grants or by advance from the Contingency Fund before incurring expenditure.
			(ii) The Committee recommend that the excesses disclosed in the Accounts

1	2	3	4
			for the year 1956-57 (1st April to 31st October, 1956) may be regularised by Parliament in the manner prescribed in Article 115(1) (b) of the Constitution.
3	9	<u>Home Affairs</u> <u>Finance</u> H.P. Administration	<p>The results disclosed in the Accounts for the years 1954-55 and 1955-56 lead the Committee to the conclusion that the budgeting and control over expenditure in the Himchal Pradesh Administration left much scope for improvement. Unnecessary supplementary grants and excessive surrenders reflect the absence of proper control over expenditure. Such ineffective control immobilises large funds which could have been utilised elsewhere. This may hamper the progress of planned development. Under the new set-up of the Administration consequent upon the reorganisation with effect from 1st November, 1956, the Committee trust that the Ministries of Home Affairs and Finance will exercise proper vigilance and check in the matter and ensure that the development of the Union Territory of H.P. does not suffer through bad budgeting.</p>
4	10(i)	<u>Home Affairs</u> <u>H.P. Administration</u>	<p>While the Committee appreciate that non-utilisation of the provisions made for loans was beyond the control of the Administration, they are at a loss to understand the need for a supplementary grant when even the original grant could not be fully utilised. The Committee would suggest that the latest figures of actuals should be carefully studied before a decision is taken to approach legislature for a supplementary demand. In their opinion, it militates against the effectiveness of Parliamentary control if the Legislature is asked to vote unnecessary supplies.</p>

1	2	3	4
5	10(ii) <u>Home Affairs</u> H.P. Administration	In the case of Civil Works under Grant No. 32 (outside the Revenue Account) for the year 1954-55, obviously the provisions for the schemes have been included in the budget prematurely. The Committee would draw attention to para 7 of their Eighth Report (Second Lok Sabha), according to which only schemes which have been worked out in detail and approved should be included in the budget estimates. The Departments might ask for a small provision initially for schemes, which are likely to be finalised during the course of the year, and come up for a supplementary grant subsequently.	
6	10(iii) Do.	The Committee feel that proper planning in advance could have resulted in more realistic estimates under Grant No. 32—Capital Outlay on Irrigation Works (outside the Revenue Account) during the year 1955-56.	
7	10(iv) Do.	The Committee cannot help observing that lack of proper co-ordination between the Public Health and Public Works Departments was responsible for the savings under Grant No. 32-A—Capital Outlay on Improvement of Public Health, for the year 1955-56. They trust that the practice referred to by the Finance Secretary with regard to ascertaining from the P.W.D. its capacity to execute schemes before making a provision therefor in the budget estimates, will be strictly followed in future.	
8	12 Do.	(i) The Committee are not at all convinced with the explanations given for the delay in sanctioning of funds in the case referred to in para 15 of Audit Report, 1957.	
	13	(ii) The Committee deplore the action of the Administration firstly in continuing the Deputy Director con-	

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cerned in the Education Department for 4 years on that post without referring the matter to the U.P.S.C. for approval and secondly, in appointing him to an equivalent post in the Territorial Council after he had been rejected by the U.P.S.C. They deprecate such attempts to bypass or circumvent the U.P.S.C. The Committee, therefore, desire that a proper enquiry be instituted into the circumstances leading to his initial appointment, his continuance in service without approval of the U.P.S.C. and appointment in the Territorial Council and a report sent to them in due course.

14

Do.

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All Ministries

(iii) The Committee would emphasise that withdrawal of money on the last day of the financial year when it was not required for immediate disbursement was irregular and contrary to rules. Although the Committee had been assured that necessary instructions had been issued to all Departments in the Administration to avoid such errors, they would nevertheless observe that the withdrawal of funds from the Treasury in advance of actual requirements is an irregularity, which may eventually lead to loss, if not to fraud, and should be severely dealt with.

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Home Affairs .

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H.P. Administration

The Committee would like to know the final outcome of the scrutiny into the two cases of overpayment of grants-in-aid which are under scrutiny. The Committee would also suggest that in order to avoid confusion in accounts about the special and other grants made to the schools and their proper utilisation, separate sub-heads might be opened in the Accounts in consultation with Audit.



1	2	3	4
10	17	Home Affairs <hr/> H.P. Administration	The Committee would suggest that the Government should examine the feasibility of recovering the villagers' contribution towards the cost of the National Water Supply and Sanitation Schemes in Himachal Pradesh in the form of manual labour where because of lack of resources, they are unable to pay in cash.
11	18	Do.	The Committee note that the irregularity, which occurred in the case referred to in para 17 of the Audit Report 1957 where a sum of Rs. 75,000/- was withdrawn from the Treasury in March 1956 for construction of a godown and placed under Public Works Deposits, was mainly due to wrong interpretation of Rules both on the part of the Cooperative Department and the Public Works Department; but they would stress that such lapses should be taken more serious notice of than has happened in this case.
12	19	Do.	The Committee would suggest that steps should be taken to amalgamate such of the Co-operative Societies in the H.P. Territory into larger units as are not economically sound.
13	23	Do.	(i) The Committee desire that all-out efforts should be made to reduce the outstanding dues from the individuals by the Himachal Pradesh State Cooperative Bank to enable the Bank to progressively change over completely to Cooperative Business.  (ii) The Committee desire that the Government of India should come to an early decision in regard to guaranteeing the loan from the Reserve Bank of India, as cheap credit, available from the Reserve Bank would enable the Himachal Pradesh Co-operative Bank to reduce its rate of interest on its lendings to the Credit Societies and also enable it to provide cheap credit to the agriculturists.

1	2	3	4
14	26	<p style="text-align: center;"><u>Home Affairs</u> <u>H.P. Administration.</u></p>	<p>The Committee feel that it would have expedited matters had the second Chairman of Co-operative Enquiry Committee, whose term expired on the 13th December, 1957 been given some extension of time for finalising the draft Report prepared by him and submitting it to the Administration. Such a course would have avoided an enquiry into the matter <i>de novo</i> by the new Chairman.</p> <p>The Committee would like to know, in due course, of the recommendations made by the Committee and action taken thereon by the Himachal Pradesh Administration.</p> <p>Do.*</p> <p>(i) The Committee are rather surprised that even after merger of the erstwhile States, the old practices in not concluding a written agreement with the contractor as has happened in the case referred to in para 16 of Audit Report 1956, should have been allowed to continue. As regards the second reason <i>viz.</i> a regular agreement with the contractor would have meant fulfilment by Government of contractor's full demands at a time when even Government's own requirements were difficult to be met, the Committee do not consider it insurmountable as Government could have either entered into an agreement with the contractor after the entire supplies were available by January, 1954, or could have provided in the contract for supply of foodgrains to the contractor in instalments.</p> <p>(ii) The Committee are surprised at the routine manner in which the case had been handled by the Administration. Even assuming that the contractor's liability was indeterminate, the first act should have been to dispose of the stock as quickly as possible as the market was falling</p>

1	2	3	4
16	30	Home Affairs H.P. Administration.	<p>consequent on decontrol. If his legal liability was subsequently established, he could have been debited with the difference in cost. The Committee cannot help observing that the Officers handling this deal betrayed lack of common business prudence.</p> <p>The Committee feel that for a State like the Himachal Pradesh with only five districts, for completing a cycle of settlement operations, a smaller nucleus staff should be engaged. This will enable the Administration to reduce the cost of settlement operations which at present bears a high proportion to the land revenue collection charges.</p> <p>Another advantage in having a smaller settlement staff would be that it would not create the problem of retrenchment in the settlement staff where the operation cycle is complete.</p>
17	31	Do.	<p>(i) The Committee are glad to note that their suggestion to retain some specimens of the obsolete stamps inherited from the erstwhile Indian States that are of historical interest for being placed in the National Archives of India, has been accepted by Government.</p> <p>(ii) The Committee regret to observe that in the past indents were placed without a realistic estimate of the requirements for the stamps of the various denominations based on the issues in the previous years. The Committee trust that in future large stocks of stamps will not be allowed to accumulate by the Administration.</p>
18	33	Do.	<p>(iii) The Committee were surprised at the perfunctory manner in which the certificate had been given by the Assistant Secretary (Revenue), Himachal Pradesh Government. The</p>

1	2	3	4
18	34	<p style="text-align: center;">Home Affairs</p> <hr/> <p>H.P. Administration.</p>	<p>Committee stress that the Officers responsible for signing a wrong certificate should be suitably dealt with.</p> <p>The Committee desire that whenever an emergent work is started without sanctioned estimates, Audit should be apprised of the position. The Committee would also like to know the number of non-emergent works, if any, which were started without fulfilling the codal formality of detailed sanctioned estimates after the issue of instructions by the Chief Engineer in June, 1956 and the action taken against the officers concerned for disregard of rules.</p>
19	35	Do.	<p>The Committee would like to be furnished with a report on the amount of surpluses and deficiencies disclosed as a result of the stock verification in the various divisions of the P.W.D. and how these have been reconciled.</p>
20	36	Do.	<p>The Committee are perturbed to observe that the position of store-accounting in the P.W.D. continues to be unsatisfactory. The situation called for remedial measures to be taken much earlier. Stores are cash in another form. Their accountal, safe custody and verification are, therefore, of utmost importance. The Committee would like to know the progress made in this behalf by the P.W.D.</p>
21	37	Do.	<p>(i) The excess over reserve limit of stocks had been explained as due to receipt of material indented for in earlier years through the D.G.S. &amp; D. and adjustment of unexpected debits in respect of materials already received. The Committee feel that this is indicative of defective planning and lack of appraisal of the outstanding indents and liabilities.</p> <p>(ii) The Committee regret to observe that although efforts had been made to improve control over provisioning</p>

1	2	3	4
			of Stores, the real importance of watching the progressive stock balances had not been realised by some of the PWD officers handling them. The Committee wish to stress that the fixation of the reserve limit for stocking of stores should as far as possible be done on realistic basis. Overstocking of stores not only immobilises funds but also leads to their deterioration and expenditure on care and maintenance.
22	38	Home Affairs <u>H.P. Administration.</u>	The Committee would urge that an enquiry should be made again into the case of misappropriation of Government money referred to in this para involving Rs. 1,139 which was written off and responsibility of the Booking Clerks and Cashiers fixed.
23	39	Do.	The Committee suggest that necessary remedial measures should be taken by the Himachal Transport Service to prevent losses of cash by theft in the Regional and Booking offices in future. The question of providing the latter with built-in-safes might also be examined. The Committee would also observe that as a precautionary measure large amounts of money should not be kept in cash chests without being properly and adequately guarded.
24	41	Do.	The Committee regret to observe that although more than 10 years have elapsed since the case regarding unrealised forest revenue amounting to Rs. 50,000, referred to in this para has been under dispute with the contractor, no effective measures had been taken by the Himachal Pradesh Govt. to recover the outstanding amount from the contractor. They desire that the matter should be pursued vigorously and they should be apprised of the final outcome of the proceedings against the contractor. The Committee also feel

1	2	3	4
			that the reasons for the inordinate delay in pursuing this case should be enquired into and disciplinary action taken against the officers concerned.
25	42	Home Affairs H.P. Administration.	It is not clear to the Committee whether the forest Range Officer responsible in the cases referred to in this para was demoted in rank as a result of disciplinary action taken against him or reverted in the normal course. Nor have they been apprised why the officer was reinstated after having been dismissed from service on certain other charges. The Committee, therefore, desire to have this information made available to them.
26	43	Do.	The Committee would emphasise that the outstandings due to the Forest Department should be recovered expeditiously and a further report about the progress made in the matter submitted to them in due course.
27	44	Do.	The Committee feel that the difficulties explained by the Forest Department in exploiting the forests departmentally are not insurmountable. In the interest of conservation of forests, scientific planning, and extraction of timber and other materials, the Committee reiterate the recommendation made by the late H.P. Public Accounts Committee that the Government of India might usefully examine the desirability for departmental exploitation of these forests.
28	45	Do.	(i) The Committee desire that instructions may be issued to the recipients of the grants-in-aid to come up with their proposals early in the year so that the grants are drawn sufficiently early to be utilised for the purposes and not rushed through towards the close of the financial year.

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46	Home Affairs H.P. Administration.	(ii)	The Committee trust that the rules for the other Departments will also be drawn up early. Further they desire that every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached thereto. In the case of non-recurring grants sanctioned for specific purposes, the order should also indicate the time-limit within which the grant or each instalment of it should be spent.
29	48	Finance	The Committee could not get any convincing answer from the representative of the Finance Ministry for not laying down the terms and conditions of repayment and of the rate of interest on the loans advanced to the Himachal Pradesh Government prior to Reorganisation. They feel that with a view to having an appraisal of the economic working of the Union Territories, the question of maintenance of proforma accounts for the loans given to them by the Government of India and charging interest thereon should have been examined by the Ministry of Finance.
30	50	Home Affairs H.P. Administration.	<p>The Committee regret to observe that it is against the normal commercial practice not to have taken into account the following liabilities while calculating the profit of the Bilaspur Commercial Corporation.—</p> <p>(i) A sum of Rs. 53,565 representing interest, rent of godown, establishment charges, incidental charges, etc. had not been taken into account.</p> <p>(ii) The accumulated stock of yarn and cloth on 31st March, 1956 worth Rs. 1,21,023 at cost price was sold by open tender in April, 1956 for Rs. 61,925 resulting in a loss of Rs. 59,098 to the Corporation. The tenders having been received</p>

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on the 1st Feb., 1956, the loss which was inevitable should also have been provided for in the accounts for the year 1955-56.

(iii) No provision was made as reserve for doubtful debts, though the sundry debtors at the end of 1955-56 amounted to Rs. 38,921. Most of these debts are very old.

In the circumstances, the profit shown was fictitious.

31	51	Home Affairs H.P. Admn .	The Committee have no doubt that the delay of about 10 years in disposing of the Asbestos Sheets would involve the Corporation in a considerable loss, besides entailing the unnecessary expenditure, on their storage and other incidental charges, etc. They regret to observe that they could not get any satisfactory explanation for the delay. They would like to be apprised, in due course, of the loss sustained in the disposal of these sheets.
32	52	Do.	The Committee desire that the outstanding amounts due to the Bilaspur Commercial Corporation should be realised/adjusted expeditiously and a report submitted to them.
33	54	Do.	The Committee are concerned at the large number of vehicles on the sick list in the Himachal Pradesh Transport Service, although the Transport Service is holding enough stock of spares (worth Rs. 8.50 lakhs). They desire that the reasons for the hold-up of the vehicles on the sick list should be examined and a note stating the measures taken to retrieve the situation furnished to them.
			The Committee are unhappy at the financial working of this Undertaking, especially when it enjoys a monopoly



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on a number of paying routes and is also not required to pay any taxes, etc. They feel that a complete review of its financial results is called for.

34 55(ii) Home Affairs  
H.P. Admn.

The Committee consider that the present system of charging depreciation in the case of rolling stock by the Himachal Transport Service is defective inasmuch as it does not take into account the replacement cost of vehicles, but is based merely on the initial cost. The purchase of new vehicles at high prices would, therefore, throw on the Transport Service a heavy financial burden.

The Committee understand that the Railways have revised their system of calculating the depreciation taking into account the increase in replacement costs and obsolescence. The Committee, therefore, suggest that the present system of charging depreciation on the initial cost of rolling stock by the H.P. Transport Service may be reviewed in consultation with Audit, with a view to reducing the burden at the time of replacements.

35 56 Do.

(i) The Committee have already commented in para 54 upon the large number of vehicles on the sick list. They are anxious that the maximum number of vehicles should be out on the road. This would not only fetch more revenue but also help the travelling public in areas, like Himachal Pradesh, where road transport is the only rapid means of communication. The Committee, therefore, suggest that with a view to ensuring the efficient running of the Transport Services, the H.P. Transport Department should maintain statistics about vehicles on

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the sick list, the time taken for their repairs, etc. The position should be constantly reviewed and bottlenecks, if any, in outshedding the vehicles removed.

(ii) The Committee would also like to draw the attention of the Transport Department to the suggestion made in para 47 of their 20th Report on the Delhi Road Transport Authority that an estimate of the time required and cost involved in respect of each job together with a list of parts required should be prepared as soon as a defective vehicle is received in the Workshop, as in the absence of such an estimate, an efficient control over the Workshop expenditure would not be possible. The system of maintenance of job cards would enable the Transport Service to check and control the disposition of the technical staff with a view to ensuring the maximum output and efficiency in the workshop. Another important advantage of this system would be that it would establish standards for certain operational jobs which might serve as a guide for future.

(iii) The Committee also suggest that the H.P. Transport Service might examine the desirability of introducing 'time and motion' study in the Workshop, and should enforce the standards fixed for various operations. For the proper control of workshop expenditure and for a scientific costing of the various jobs undertaken, comparison between the standards fixed in respect of both labour and material for each item of work with the actual performance would enable the management to apply appropriate correctives.

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Home Affairs  
H.P. Admn.

The Committee understand that in the case of Railways which are run departmentally, interest is payable

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37	58	Home Affairs H.P. Admn.	<p>by the General Revenues on the Railway Reserve Fund. They, therefore, suggest that the Ministry of Finance should re-examine the question of allowing interest on the Reserve Funds of the Himachal Pradesh Transport Service as it is being run as a commercial concern.</p> <p>The Committee desire that the settlement of the long outstanding issue regarding the liabilities of the old company (New Kulu Valley Transport Co., Ltd.) should be expedited and the correct financial results of the working of the Kulu Valley Transport (P) Ltd., shown in the next Balance Sheet.</p>
38	59	Do.	<p>(i) The Committee would like to be informed of the final outcome of the arbitration proceedings between the Himachal Pradesh Administration and the Managing Agents of the Rosin and Turpentine Factory, Nahan.</p> <p>(ii) The Committee deprecate the un-business-like manner in which the Nahan Rosin and Turpentine Factory had been run without any phased programme for periodical overhauls, etc.</p>
39	60	Do.	<p>The Committee would emphasise that store accounting and stock verification are very essential for the efficient administration of a commercial Undertaking like Rosin and Turpentine Factory, Nahan. They desire that store accounts should be brought to a satisfactory level and excesses and deficiencies disclosed in physical stock verification should be taken serious notice of.</p>
40	61	Do.	<p>The Committee observe that the working of the Rosin and Turpentine Factory, Nahan has been far from satisfactory in the past. In para 23 (iv) of their Second Report, the Public Accounts Committee of Himachal Pradesh Vidhan Sabha (now</p>

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defunct) had recommended that a Committee of experts should be appointed to examine the working of the Factory and also to investigate thoroughly the various factors responsible for the recurring loss and suggest suitable ways and means to run it on commercial and profitable basis. The Administration had then stated that 'no great improvement was likely under the existing Managing Agency.' It was decided to defer the proposal to set up such a Committee till the question of revision of the agreement with the Managing Agents had been finalised. The Committee desire that after the dispute with the Managing Agents, which is at present *sub-judice*, is settled, an enquiry into the working of this factory should be instituted.

In the meanwhile, the Committee would stress that the working of the factory should be toned up and appropriate measures devised in consultation with Audit to bring down the overhead and other incidental charges and run the factory to its full capacity.

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2. Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	27. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	51. S. Krishnaswamy & Co., P. O. Teppakulam, Tiruchirapalli-1.
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10. Book Centre, Opp. Patna College, Patna.	35. University Publishers, Railway Road, Julhundur City.	59. Azeec General Agency, 47 Tilak Road, Tirupati.
11. J. M. Jaina and Brothers, Mori Gate, Delhi-6.	36. Students Stores, Raghunath Bazar, Jammu-Tawi.	60. Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
12. The Cuttack Law Times Office, Cuttack-2.	37. Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.	61. A. P. Jambulingam, Trade Representative & Marketing Consultant, Prudential Bank Building, Rashtrapati Road, Secunderabad.
13. The New Book Depot, Connaught Place, New Delhi.	38. Allied Traders, Motia Park, Bhopal.	62. K. G. Aseervandam & Sons Cloughpet, P.O. Ongol, Guntur Dist. (Andhra).
14. The New Book Depot, 79, The Mall, Simla.	39. E. M. Gopalkrishna Kone (Shri Gopal Mahal) North Chitrai Street, Madura.	63. The New Order Book Co., Ellis Bridge, Ahmedabad.
15. The Central News Agency, 23/90, Connaught Circus, New Delhi.	40. Friends Book House, M. U., Aligarh.	64. The Triveni Publishers, Masulipatnam.
16. Lok Milap, District Court Road, Bhavnagar.	41. Modern Book House, 286, Jawahar Ganj, Jabalpur.	65. Deccan Book Stall, Ferguson College Road, Poona-4.
17. Reeves & Co., 29, Park Street, Calcutta-16.	42. M. C. Sarkar & Sons (P) Ltd. 14., Bankim Chatterji Street, Calcutta-12.	66. Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.
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19. The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	44. W. Newman & Co., Ltd., 3, Old Court House Street, Calcutta.	68. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
20. The English Book Store, 7-L, Connaught Circus, New Delhi.	45. Thacker Spink & Co., (1938) Private Ltd., 3 Esplanade East, Calcutta-1.	69. Makkala Pustaka Press, Balamandira, Gandhinagar, Bangalore-9.
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22. International Book House, Private Ltd., 9, Ash Lane, Bombay.	47. Laxami Narain Agarwal, Hospital Road, Agra.	
23. Lakshmi Book Store, 42, M. M Queensway, New Delhi.	48. Law Book Co., Sardar Patel Marg., Allahabad.	
24. The Kalpana Publishers, Trichinopoly-3.	49. D. B. Taraporevala & Sons Co. Private Ltd., 210 Dr. Naoroj Road, Bombay-1.	
25. S. K. Brothers, 15A/65, W.E.A. Karol Bagh, Delhi-5.		

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**PUBLIC ACCOUNTS COMMITTEE**

1958-59

**TWELFTH REPORT**

(SECOND LOK SABHA)

**GOVERNMENT OF HIMACHAL PRADESH**

[APPROPRIATION ACCOUNTS FOR THE YEARS  
1954-55, 1955-56 AND 1956-57 (1ST APRIL 1956 TO  
31ST OCTOBER, 1956) AND FINANCE ACCOUNTS  
FOR THE YEARS 1955-56 AND 1956-57 (1ST  
APRIL, 1956 to 31ST OCTOBER, 1956) AND  
AUDIT REPORTS THEREON]

**Vol. II—Appendices**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 1959**

*Price : Rs. 0. 95 nP.*

Corrigenda to the Twelfth Report of the Public Accounts  
Committee (Second Lok Sabha) - Vol. II-Appendices.

- Page 1, S.No. 1, Col. 4, line 6, for 'pfor' read 'for'  
line 7, for 'au' read 'and'
- Page 3, S.No. 2, Col. 7, 3rd sub para, line 6, for 'of'  
read 'to'
- Page 7, S.No. 7, Col. 7, lines 3-4, for 'Ninty-nine'  
read 'Ninety-nine'.
- Page 18, S.No. 13, Col. 5, line 12, insert ', ' after 'him'  
and for 'The' read 'the'
- Page 25, Col. 4, line 1, for beilier' read 'boiler'
- Page 28, S.No. 23, Col. 6, line 1, for '59' read '56'
- Page 29, S.No. 24, Col. 4, line 8, for 'taken' read 'take'
- Page 45, line 2, for 'memberss' read 'members'
- Page 53, Under 'Replies', line 5, from bottom, for 'face'  
read 'fact'



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## PUBLIC ACCOUNTS COMMITTEE 1958-59

\*Shri N. G. Ranga—*Chairman.*

### MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N.R.M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
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22. Shri M. Basavapunnaiiah.

### SECRETARIAT

1. Shri S. L. Shakhder —*Joint Secretary.*
2. Shri V. Subramanian—*Deputy Secretary.*
3. Shri M. C. Chawla—*Under Secretary.*

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\*Shri N. G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 *vice* Shri T. N. Singh, resigned from Lok Sabha.

†Elected on the 23rd September, 1958 *vice* Shri T. N. Singh, resigned from Lok Sabha.

APPENDIX I

I

*First Report of the Public Accounts Committee of the Legislative Assembly of Himachal Pradesh (now defunct) (Session 1954-55) on the Appropriation Accounts of The Himachal Pradesh Government for the year 1952-53 and the Audit Report, 1954.*

Sl. No.	Reference to the Public Accounts Committee Report	Department concerned	Recommendations or observations of the Committee	Action taken or proposed to be taken	Observations made by the Public Accounts Committee	Action taken or proposed to be taken by the Administration	Comments
1	2	3	4	5	6	7	8
1	Para 17, Pages 5 & 6 of the 1st Report (Vol. I).	Forest Department.	The Committee therefore suggest that to the maximum extent possible, the forests should be departmentally exploited for extraction of timber and other products. We also recommend that a suitable procedure may be evolved so that timber used on Government works could	Necessary provision to extend the present areas of exploitation by departmental agency has been made in the 2nd Five Year Plan and the suggestion of the Committee is likely to be implemented from the beginning of 1956-57.	The Committee does not understand why it is stated that the suggestion is likely to be implemented from the beginning of 1956-57. The implementation will be watched by the Committee.	The Commencing of the departmental exploitation work in Chamba Circle during the year 1957-58 had to be postponed under orders of Government. It was not possible to undertake departmental exploitation due to the lack of experienced personnel and higher prices	See para 44 of the Report.

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be obtained at economical rates and to the maximum extent possible directly from the Forest Department.

obtaining for standing trees.

Departmental exploitation had to be postponed because of high trend in the timber market in favour of sale of standing trees which continued till about the end of 1957 when it was too late to make arrangements for departmental works for 1958-59 and to arrange for funds as the budget estimates had already been submitted to the Government of India. The position is, however, being reviewed during this year and if the decline noticed in the market trend for standing sales continues, schemes for gradual extension of departmental exploitation to other divisions where it can be worked profitably, will be drawn up for 1959-60 and funds asked for in the bud-

2. Para 17, page 8 Industries & of the Report. Supplies Department.

The Committee suggest that the resin should be purchased from the Forest Department after assessment of the capacity and requirements of the factory.

The Committee's suggestion has been noted and is being acted upon by the Industries Department.

Implementation will be watched by the Committee.

get estimates for 1959-60.

The purchase of resin from the Forest Department was generally made after assessing the capacity and requirements of the factory.

The stock that accumulated in the past 2 or 3 years was due to the fact that the Department proposed to increase the capacity of factory by —(i) installation of a new plant : (ii) introducing country type stills.

Subsequently due to the losses sustained by the factory in production of resin it was considered advisable not of increase the capacity of the factory. The entire surplus stock of resin had been cleared since.

From the year 1954-55, the Department had stopped obtaining supplies of the entire produce of resin of the forest Department as was the practice in the preceding years.

See para 59 of the Report.

During the year 1955-56, in view of the surplus stock of resin expected to be left over from the preceding year, the department contracted to obtain the supply of resin produce in Sirmur, Simla and Solan Forest Divisions only. This was done after assessing the capacity and requirement of the factory. It is confirmed that there has been no surplus stock of resin in subsequent years.

- |   |  |   |   |   |  |              |
|---|--|---|---|---|--|--------------|
| 3 | Para 17, page 9 of the 1st Report. Transport Department.   | The Committee recommend that the persons who have no driving licenses should not be allowed to handle the Vehicles. | The Transport Department have stated as below:— 'No person who does not possess a valid driving license is authorised to drive any vehicle of the Department. This is also the requirement of Section 3 of the Motor Vehicles Act, 1939.' | The Committee is well aware of the provisions of Law. What the Committee desire is their enforcement. | Instructions have been issued to the Regional Managers from time to time, to ensure that vehicles are driven only by persons having valid licences. In fact, services of two conductors were terminated for driving the vehicles without licences. | No comments. |
| 4 | Para 17, page 9 of the 1st Report. Development Department. | The Committee recommend that the staff employed on the accounts work should be given adequate training.             | Necessary steps in this direction are being taken & the arrangements to be made for the training of the staff in consultation with  | The information is awaited.   | The Accountant General Punjab agreed to impart training to the Community Project staff along with the staff employed.  | No comments. |

the Accountant-General will be reported to the Committee in due course.

in the Community Project by the Punjab Government after a final decision in the matter had been taken by him. Meanwhile Senior Auditor and a Junior Auditor whose services were obtained from the Accountant General Punjab have been working in the Development Deptt. They have imparted instructions for which seminars are held to the accounts staff in the various Community Project Blocks during their tours.

5 Para 17, Page 9 of the Report (I). Transport Department.

As the Transport Department is a Commercial Department, the Committee feel that recoveries should be effected from other Departments, whose officers are provided with free transport. Finance Department should examine this question in consultation with the Accountant General and suitable procedure laid down for the purpose.

The subject matter is under the consideration of Government and the decision will be communicated to the Committee later on.

The decision should be expedited.

According to the order No. HGT-96-79/58, dated the 13-3-57 the Administration decided that charges at the rate of -12,- per mile be realised from the officers of other Departments to whom a jeep or a station wagon, is supplied and that the necessary payment be realised in the shape of accepted credit notes for the amount to avoid the accumulation of arrear dues.

No comments.

51

6 Para 17, page Transport  
II of the Department.  
Report.

The Committee suggest that the local purchase of spare parts, when necessary, should be made from principal dealers as handsome discount is allowed by them and this would guarantee the genuineness of the parts purchased.

In the interest of efficiency and timely running of services, the Transport Department has to purchase spare parts from all available sources at competitive and lowest rates. As there are about 6,000 parts in each vehicle, which change with make and model, it is not therefore, possible to get each part from one or two principal dealers. Accordingly purchases have to be effected from all available sources.

The Committee understand that spare parts will be stocked in the Central Workshop to be erected. It is hoped that these spare parts will be obtained from the manufacturer's agents.

The Transport Department on an average are purchasing 90% of their requirements with respect to spare parts, stores etc. through the D. G. S & D. or on running contract rates or through the chief agents of the manufacturing concerns in the country. The remaining purchases are however, made from the local Dealers. This is done after inviting quotations. During the year 1957-58, the purchases were made as under :—

No Comments.

*Through D. G. S. & D.  
or on running contract  
rates:—*

Vehicles, store oil and  
lubricants.  
Rs. 25,02,344.

*Through manufacturing  
concerns or their chief  
agents.*



Stores . Rs. 87,721.

Other purchases made directly after inviting quotations.

Rs. 2,90,778

From the above it would be evident that the bulk of the purchases are made either through the D.G.S. & D. or the Principal Dealers. The Local purchases are made only in emergent cases after inviting quotations and are restricted to the minimum.

7

7 Para 17, page Transport De-  
11 of the Ist partment.  
Report.

The Committee recommend that effective steps should be taken to recover the outstanding amounts from the Sundry Debtors.

Necessary steps to recover the outstanding dues from Sundry Debtors are being taken.

See paragraph 20 of the Second Report. There are undue delays in presenting the bills. Such delays should not occur. For instance, the bill in respect of the vehicle hired by this Committee on the 16th of February, 1956, has still to be received.

Efforts are being made to realise the outstanding dues. Ninety-nine per cent of the outstanding amount is due from the Government Departments. Since 1st April, 1956, the amount is being realized through credit notes after acceptance by the other Departments.

See para 126 (Proceedings) of the Report.

II

'Second Report of the Public Accounts Committee (Session 1955-56) on Appropriation Accounts of the Himachal Pradesh Government for the year 1953-54 and the Audit Report, 1956—Volume I—Report.'

Sl. Reference No.	to paragraphs No. in the Report.	Department concerned	Recommendations of the Public Accounts Committee	Action taken or proposed to be taken by the Administration	Comments
1	2	3	4	5	6
8	13	Agriculture	The Committee recommend that efforts should be made to get the debits adjusted in time. If the debits are not likely to be received the funds should be surrendered.	All the Heads of Departments including the Agriculture Department have been directed to maintain a liability register for watching the liabilities of their Departments which may be expected during the course of the financial year, but the debits in respect of which may not be received during the course of the year from other Accounts officers, <i>vide</i> Finance Department Memo-No. Fin. (Bud) 11-26/57, dated the 11th September, 1957. This would ensure timely surrender of funds by the Departments concerned in respect of all liabilities for which debits are not likely to be received in time.	No. comments.

9 13 Development . The Committee desired that the control over expenditure on the Community Development Projects should be more real and effective and steps should be taken to ensure accurate estimating and control in future. The Committee would like to be informed in due course about the action taken by the Departmental head in this regard.

Detailed instructions were issued to the Block Development Officers and other Subordinate Officers concerned *vide* Development Commissioner Memo. No. D-108/53-56, dated the 23rd February, 1957 for exercising more effective control over expenditure out of the grants placed at their disposal. This would doubtless ensure accurate estimating and control over expenditure in future.

No comments.

10 14 General Administration. In this case, a mail runner was paid his salary both by the Posts and Telegraphs Department and the Himachal Pradesh Government during the period from the 1st July, 1949 to the 31st July, 1950. The amount overpaid was Rs. 585/-. It was stated by the State Government that the over-payment was made as information regarding employment of the mail runner by the Posts and Telegraphs Department from the 1st July, 1949 was received from the Department only in August, 1950. On being questioned by the Committee, why the official was allowed to retire after August, 1950, the Chief Secretary stated that this appeared to be a mistake and that the matter does not seem to

The case has been carefully re-examined and the following facts indicate the correct position :—

See para III (Proc.) of the Report.

Shri \*\*\* was engaged by the late Khaneti State in May, 1946, as a Mail Runner on Rs. 16/ p.m. the Postal Department was also paying him a sum of Rs. 6/- p.m. as allowance for carrying the dak. Thus, Shri \*\*\*\* was in the payment of both the Khaneti State and the Postal authorities.

After the merger of various States into Himachal Pradesh, the Deputy Commissioner addressed

have been handled well. He promised to inform the Committee whether there was anything in record to show whether or not the Deputy Commissioner concerned asked the mail runner of the Posts and Telegraphs Department about this appointment there. The Committee appreciate the view of Audit that as the postal services became the responsibility of the Posts and Telegraphs Department from the 1st July, 1949, the question of any payment by the Deputy Commissioner to the mail runner who was attached to the Postal services, did not arise. We therefore, suggest that the case should be investigated thoroughly and responsibility for the un-authorised payment fixed and the decision to write off the amount should also be reconsidered.

the Postal authorities on 20-10-1948 and requested them to take over the arrangement for conveyance of dak and bear the cost of employment of the mail runner between Kotkhai and Khaneti post offices from the next year. It appears that the Deputy Chief Commissioner also addressed a letter to the Postmaster General, East Punjab Circle, intimating that the services of the present mail runner would be transferred to the Postal authorities from the next year on hearing from the latter; a copy of this letter was endorsed to the Deputy Commissioner who was also informed in a separate communication that the present mail runner should continue to be in service on the existing salary till the Postal Department took over this arrangement. Shri \*\*\* was accordingly being paid Rs. 20/- as pay and Rs. 25/- as Dearness Allowance. In view of this it was not necessary for the Deputy Commissioner to entertain any doubt with regard to the continuance of payment to Shri

\* \* \* till he heard to the contrary either from the Postal authorities or the Himachal Pradesh Administration. The Deputy Commissioner, therefore, could not be expected to take an initiative in making any enquiries from the mail runner or the Postal authorities about Shri \* \* \* 's appointment with the Posts and Telegraphs Department. After the issue of letters from the Deputy Commissioner and the Deputy Chief Commissioner to the Postal authorities and the clear indication therein that Shri \* \* \* would continue to be paid till the Administration heard from the Postal authorities, the onus for asking the Administration to stop payment clearly lay on the Postal authorities and the Administration and the Deputy Commissioner were justified in continuing the payment to Shri \*\*\*.

Thus, the Deputy Commissioner continued to pay Shri \*\*\* till the receipt of endorsement No. A-94 dated August 1, 1950 from Superintendent, Post Offices, Ambala. On receipt of this communication, payment to Shri \*\*\* was

stopped for the period after 31-7-1950. Even this communication from the Postal authorities did not make it clear as to whether Shri \*\*\* or someone else had been absorbed against the newly created post. The Deputy Commissioner, Mahasu, therefore, addressed a letter to the Superintendent of Post Offices on 28-8-1950 asking him for this clarification. Unfortunately, there again was inordinate delay in replying to this letter in spite of 4 reminders and it was only in 1952 that the Postal authorities finally informed the Deputy Commissioner that Shri \*\*\* was employed against the newly created post in the Postal Department.

The question of recovery was then taken up by the Himachal Pradesh Government. The Lieutenant-Governor came to the conclusion that the extra amount had been drawn by Shri \*\*\* in good faith and, after considering the circumstances of the case, the recovery was ordered to be waived ; *vide* Go-

vernment Order No. HGT-107—  
113/51 dated March 27, 1953.  
The Accountant General, Punjab,  
was, however, of the opinion that  
Shri \*\*\* had committed fraud on  
the Government and that either  
the Postal authorities should bear  
the extra amount paid to Shri \*\*\*  
or the amount should be recovered  
from the latter. It may be men-  
tioned here that Shri \*\*\* himself  
had made a representation to the  
Administration when the Deputy  
Commissioner stopped payment of  
the extra amount to him for the  
period after 31-7-1950. This  
shows that Shri \*\*\*, an illiterate  
old man, had been receiving the  
extra payment in the belief that  
he was in fact entitled to receive  
the same. Another point that  
supports this inference is that pre-  
viously also Shri \*\*\* had been  
receiving part of his emoluments  
from the Postal authorities and  
part of it from the Khaneti  
Darbar/Himachal Pradesh Ad-  
ministration. Thus, there is little  
doubt that Shri \*\*\* had been  
receiving the extra payment in good  
faith and there is no evidence to  
show that he was deliberately  
defrauding the Government.

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However, in view of the objection of the audit authorities, a reference was made to the Postmaster General in June, 1955. In July, 1957, we received a reply from the Postmaster General stating that a copy of the letter, sanctioning the post of the mail runner with effect from 1st July, 1949, could not be endorsed to this Administration inadvertently and he stated that the over-payment may be recovered as arrears of land revenue, etc. The opinion of this Administrations' Law Department was sought and they advised that the recovery could not be effected as there was no statutory provision permitting of such a recovery being made.

As regards the question as to why Shri \*\*\* was allowed to retire from service, it may be stated that his services, were terminated in February, 1953 by the Posts and Telegraphs Department and not by the Himachal Pradesh Government.



Avoidable expenditure of Rs. 715 as costs in a civil suit had to be incurred by Government as a result of the delay in dealing with the application of a depositor for the refund of his security, unnecessary insistence for application in Form T.R. 62, and lack of timely action by the Collector on receipt of a legal notice. It was stated that Government had not been able to fix responsibility so far. The Committee feel that this case not only involves loss to the State but also harassment to the person to whom the money was due. We desire that the responsibility for the loss should be fixed in consultation with the Finance Department and proper disciplinary action be taken.

This case occurred in the abnormal conditions prevailing after the integration of a large number of erstwhile hill States into Himachal Pradesh. It is hoped that such irregularity will not occur in future.

Shri \* \* \* Shopkeeper of Rampur (Himachal Pradesh) had deposited a sum of Rs. 4,000 in connection with State quota of cloth in the then Bushahr State Treasury on 2-11-2002 Sambat. After the formation of Himachal, Shri \* \* \* applied for the refund of the above amount. He was informed by the Sub-Treasury staff that he should apply to the Accountant General, Punjab, on form T.R. 62. The claimant could not obtain a copy of this form. On 23-11-1949 he served the Deputy Commissioner, Mahasu, with a notice for the supply of a copy of form T. R. 62 to enable him to submit a claim for the amount in question. Having failed to receive any reply within two months, the plaintiff instituted this suit on 31-1-1950 for the recovery of Rs. 4,000/-. The form was actually sent by the office

See para 157 (proceedings) of the Report.

of the Deputy Commissioner, Mahasu, to the plaintiff on 3-2-1950. The liability to refund Rs. 4,000/- was admitted by Government in Court but the claim of the plaintiff to interest and the cost of the suit was challenged. The Court, however, ordered the cost of the suit incurred by the plaintiff amounting to Rs. 714/8/- be paid to him. The case was referred to the Deputy Commissioner, Mahasu, for fixing responsibility on the officials concerned. In reply, the Deputy Commissioner, Mahasu, stated that he could not fix the responsibility on any of his officials after obtaining their explanations individually owing to the fact that the treasuries and sub-treasuries in Mahasu Distt. were mostly in their formative stage for a considerable period after merger, as the treasury staff had not received treasury training either. The Deputy Commissioner, Mahasu, stated that during the period under consideration several officers held charge

of the sub-treasury office at Rampur. The explanations received from these officials did not lead to any definite conclusion and as such it was not possible to apportion the blames conclusively. The Deputy Commissioner, Mahasu, however, expressed his regret that the correct procedure had not been followed. The case was also examined in the Finance Department and the file containing papers regarding the enquiry held by the Deputy Commissioner, Mahasu, was also scrutinised. Unfortunately, this file was destroyed in the Sectt. fire which broke out in May, 1957. Subsequently the Finance Department agreed to the matter being dropped in view of the attenuating circumstances mentioned by the Deputy Commissioner, Mahasu, and in view of the fact that the matter had become too old. The facts of this case have been intimated to all the departments with instructions to take prompt action in all such cases in future.

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Education &  
Public Works

The Committee would like to know the dates on which the amount was refunded as also the reasons for

As all the records were destroyed in the Sectt. fire, it is not possible to furnish information required by P.A.C.

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keeping the amount in hand for such a long period.

Necessary data is being collected from the D. C's. concerned and will be furnished to the P.A.C. shortly. May be awaited.

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Agriculture and Development.

The Committee desire that the inquiry should be completed early and the result together with the action taken thereon intimated to the Committee. We should also like to have a copy of the Report of the Enquiring Officer.

The views of the Law Deptt. of this Administration were obtained. Since Shri \* \* \* who was mainly responsible for this loss, retired from Govt. service before he could be proceeded against, no recovery was possible from him. The A. G. Punjab was however requested by the Development Commissioner to reduce Shri \* \* \* 's pension suitably, but as a result of further correspondence with him. The A. G. Punjab, after careful consideration of the case decided that full pension may be allowed to Shri \* \* \* as the charges levied against him have not been fully established and that there was nothing in his confidential report to warrant the reduction in the amount of his pension. Proceedings against another officer Shri \* \* \* were also dropped as none of the charges against him stood proved

No comments.

and so he was absolved of all charges *vide* order No. D-108-78/55-II, dated 17-5-57. No other officer was found responsible for this loss and hence the question of taking action against any other officer does not arise. The report of the Enquiring Officer has been destroyed in the Sectt. fire and hence, it is regretted, a copy thereof cannot be supplied to the P.A.C. now as required by them.

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Public Works .

The Committee find that a large number of works involving heavy expenditure have been executed without sanctioned estimates. Financial control cannot be exercised adequately in the absence of sanctioned detailed estimates. The Committee is glad to note that the Chief Engineer has issued instructions not to start any work without sanctioned detailed estimates in future. We would like to be informed about the implementation of these instructions as also the action taken to obtain sanctions to the estimates of works already started without detailed estimates.

Most of these estimates have since been sanctioned. Detailed information in this respect is being collected and will be furnished shortly. The Chief Engineer has again issued instructions in April, 1958 to the Executive Engineers that detailed estimates for all works to be undertaken under para. 58 of the Central P.W.D. Code must be prepared invariably and submitted to the Superintending Engineer concerned before the works are actually started.

See para.  
34 of the  
Report.

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Forest, Industries,  
and Transport.

The Committee find that large amounts are due to the departments mentioned above, by other Government departments, contractors, private bodies, etc. We note with satisfaction that efforts are being made to realise the outstandings as early as possible. Nevertheless, the Committee feel that any undue delay is likely to jeopardise the chances of recovery. We, therefore, suggest that the necessary action should be taken at the highest level to ensure speedy realisation of the outstanding dues and the progress made in this regard intimated to the Committee. ]

1. *Forest*.—As against a sum of Rs. 25,53,282 outstanding on 1-4-56 a sum of Rs. 4,44,963 has been recovered upto 31-3-58 leaving a balance amounting to Rs. 21,08,319 still due for recovery. In the case of 2 contractors, the recovery could not be made as certain claims which were pending consideration of the Government of India, have not been admitted by them. The question of recovering these amounts as arrears of land revenue is under the consideration of the Administration. The amount involved in these cases is about Rs. 7 lakhs. A sum of over Rs. 5 lakhs is due for recovery from the Punjab Government and it is under correspondence with that Govt. Likewise a sum of over Rs. 5 lakhs relating to securities of late Bushahr State which are lying with the Raja Sahib of Bushahr is due for recovery and it is also under consideration of the Himachal Pradesh Administration. In some cases the matter has been referred to arbitration. The Conservator of

See para  
43 of the  
Report.

\* Forests and Divisional Forest Officers have been reminded from time to time to take speedy action in these cases and all possible efforts are being made to expedite recoveries.

2. *Industries.*—The outstanding amounts from the Sundry Debtors for the years 1954-55 to 1956-57 is shown below :—

	1954-55	1955-56	1956-57
(1) Sundry Debtors	4,93,232/1/9	4,92,356/12/-	4,75,739/15/6
(2) Advances	3,145/-/-	3,145/-/-	3,145/-/-
(3) Railway freight recoverable	2,229/-/-	2,229/-/-	2,229/-/-
(4) Resin expenses recoverable	14,474/-/-	14,474/-/-	14,474/-/-

It will appear that there is a progressive decrease in the amount due from the Sundry Debtors item (1). Even as regards 1956-57 an amount of Rs. 2,21,595.41 has already been recovered leaving the balance of Rs. 2,54,144.56 which is yet to be recovered. In some cases legal action has already been taken for the recovery of the outstanding amounts while in others the advice of Law Department is being obtained for taking similar action.

A further report stating the progress made in recovery of the outstanding amounts may be submitted to the Committee.

				3. <i>Transport</i> .—Efforts are being made to realise the amounts. Ninety-nine percent of the outstandings are due from the Government Departments. Since 1-4-1956, however, the amount is realised through credit notes after obtaining the prior acceptance of the Department concerned.	No comments.
16	21	Jails	The Committee suggest that the State Govt. should take appropriate action to start suitable industries in the Jails in order to provide gainful employment to the prisoners which would not only increase the revenues of the State but also provide prisoners with an opportunity to become useful citizens.	The Jail Deptt. has noted the recommendation. Every effort will be made by them to expand the jail Industries in Himachal Pradesh to provide gainful employment to the prisoners, as recommended by the P. A. C.	No comments.
17	22	Agriculture	The Committee would like to have a detailed note showing the results achieved in this direction.	A copy of the detailed note showing the results achieved to make the State self-sufficient in the matter of seeds is enclosed.	No comments.
18	23(i)	Industries	Physical verification of stock—During the oral examination, the Director of Industries assured the	To control and lay down the policy for efficient working of the Rosin and Turpentine Factory a Resin	See para 60 of the Report.



Committee that the physical verification of stock would be done by him this year. We would like to know in due course the result of his verification.

Board was constituted by the then Himachal Pradesh Government in 1948. This Board decided that physical verification of the factory Stocks would be carried out by the Secretary of the Board, *i.e.*, (D. F. O. Rajgarh Forest Division). It appears that he actually verified the stocks in May 1955, but the report indicating the results of verification was not made available by him either to the factory or to the Industries Department. The report is stated to have been misplaced in the office of the Divisional Forest Officer, Rajgarh Forest Division.

19 23(iii) Industries.

Storage of resin.—On its way to Nahan on the 16th February, 1956, the Committee saw the resin depot of the factory at Barara and were surprised to see how carelessly the resin was kept in an open place without any cover. A very large quantity of resin was found spread all over the Kacha place and it had become mixed up with the earth, thus become useless. This has caused heavy loss to the Factory. The Committee, therefore, recom-

Till the year 1956 resin from Forests outside the Sirmur District used to be stored initially at Barara and then transported to the Factory for distillation. During the years 1952-53 and 1953-54 stocks of resin from Mandi and Chamba Districts were also purchased in view of the scheme for increasing the capacity of the Plant. This proposal was subsequently dropped as the factory had been running at a loss. These stocks became surplus and

No comments.

mend that proper arrangements should be made for the storage of resin in future. The floor on which resin is kept should be cemented and should be covered.

remained lying at Barara for a considerable time resulting in leakage of resin. After the visit of the P.A.C., the storage of resin at Barara was discontinued and the goods were transported directly to the factory for storage and distillation. In view of the changed position the need for constructing a pucca floor at Barara did not arise.

20 23(iv) Industries

General.—During oral examination the Committee was informed by the Managing Agent, that under the orders of the State Government the resin was purchased from the Forest Department during the years 1951-52-53 much in excess of the requirements of the Factory. The reason was that the Government had a scheme to instal a second distillation plant for which a boiler was purchased at a cost of about Rs. 30,000. After sometime, the Government decided not to instal the second plant. Consequently, the resin became surplus and

The Director of Industries had informed the Public Accounts Committee during his oral examination that no great improvement was likely under the existing Managing Agency. This was considered by the then Council of Ministers who decided that the proposal to form a Committee to enquire into the working of the factory, as recommended by the P.A.C., should be deferred till the question of the revision of the agreement with the Managing Agent had been finalised.

The Industries Department have since served the Managing Agent with a notice terminating the agreement

See para  
61 of the  
Report.

the boiler lay unused. The resin which had been surplus since 1952 had deteriorated in quality. The surplus resin had since been sold but distillation work of resin and turpentine has had to be stopped for sometime as no resin will be available till May 1956. Labour has become surplus and some of the labourers will be utilized on overhauling of the machinery. This indicates that there was no proper planning for the assessment of the requirements of the Factory for resin and running it on commercial lines. The Committee, therefore, strongly recommend that the Government should appoint a Committee of experts, including some members of the Vidhan Sabha and a representative of the Accountant General, who should examine the working of the Factory and also investigate thoroughly the various factors responsible for the recurring loss (which amounted to Rs. 12,01,217 up to 31st March 1955) and suggest suitable ways and means to run the Factory on

with him. The matter at present is subjudice.

As regards the sale of resin in October, 1955 the position is explained below :

In October, 1952, the Managing Agents had made sales of resin weighing 13,355 mds. 22 seers 8 chh. to different parties but the goods were actually delivered to the parties in March, 1956. It was revealed at the time of delivery that the stocks actually weighed 12,153 mds. 26 seers showing a loss of 1,201 mds. 36 seers 8 chh. out of which 506 mds. 9 seers are reported to have been recovered from yard. The net loss in the sale worked out to 695 mds. 27 seers 8 chh. The point of objection in this transaction was that if the stocks had been delivered immediately at the time of sale the losses could be avoided. This matter is now under investigation of the Department.

a commercial and profitable basis. The principle of correlation between the purchase of raw materials, production and the market demand for finished goods should be kept especially in view. The Committee desire that the proposed Committee be constituted immediately. The Committee during the oral examination of the Director, Industries was informed that certain recommendations are already under the consideration of the Government for improving the working of the Factory. It was also informed that no great improvement is likely under the existing Managing Agency Agreement. The Committee, therefore, makes this recommendation so that a thorough examination of the widest scope may be conducted. In particular this Investigating Committee should scrutinize the transaction relating

to the sale of 12,000 mds. of resin entered into in October, 1955.

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|----|-------|--------------------------|---|---|--|--------------|
| 21 | 24    | Public Works Department. | In the written reply to the questionnaire of the Committee, the Chief Engineer stated that the stocks of the Mahasu Division had since been checked and were reported to be correct although the details of verification had still to be recorded. The returns of the Electrical Division could not be completed till the Mahasu Division Accounts were brought up to date. He promised to intimate the progress made in the Electrical Division. The excess of closing stock over the sanctioned reserve limit by Rs. 2,98,541 had still to be regularised. We desire that the necessary action regarding stock verification, stock returns and fixation of reserve stock limits should be finalised expeditiously and the stores account maintained properly in future. | The excess in stock over the sanctioned reserve limit of Rs. 2,98,541 has since been regularised.   | See paras 36 & 37 of the Report.   |              |
| 22 | 25(i) | Transport Department.    | Maintenance and handling of vehicles.—The General Manager, Transport, who appeared before the   | The stock in the Mahasu Division was physically verified and found to be correct during the year 1955-56. It is regretted that this was not done earlier. Efforts are being made for maintaining the stores accounts properly in future. The proposal to appoint an Accounts Officer in the office of the Chief Engineer, P.W.D. is under consideration. Besides it is proposed to organize special party for the clearance of arrears in the stock accounts. | Instructions have already been issued by the General Manager to the Regional Managers to allot | No Comments. |

Committee, agreed with the views of the Committee that each driver should be allotted one vehicle and stated that he was trying to follow this as far as possible. We suggest again that further attempts be made to induce greater personal interest in the maintenance and handling of the vehicle.

particular vehicle to each driver in order to ensure greater personal interest in their maintenance and handling of the vehicle. In some cases *e.g.*, when the vehicles are sent for maintenance or repair or when a driver proceeds on leave, the above instructions cannot be followed. However, in such cases the Regional Managers are required to record reasons in a special register to be maintained for this purpose.

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25(ii)

Transport Department.

Erection of workshop and stock of stores.—The Committee was told that the sanction regarding the erection of a Central Workshop had been received and that it would be established shortly and the department will be keeping spare parts in stock for future requirements. We desire that this work should be expedited and the Committee informed about its completion.

The question of the workshop remained under consideration of the Administration for long as a suitable site could not be found for this purpose till the premises of the Keventer Dairy Farm at Taradevi were purchased in March, 1956. The workshop has started functioning as it has been equipped with machinery and stores worth Rs. 1,78,448 and valuing Rs. 5 lakhs and the technical staff has been recruited.

See para 59 of the Report.

Finance Department.

De-

The Committee recommend that the Finance Department should draw the attention of all Heads of Deptts. to these irregularities and ask them to remedy the position urgently. It should be ensured that the provision for Grant-in-aid and payments taken into account the balance likely to be available with the grantee at the beginning of a financial year and cover only the approved expenditure expected to arise in the course of the year.

Detailed instructions in the matter to all the Heads of Deptts. were issued by the Finance Department in their Memo No. Fin (Bud)-44/32/52-C, dated the 6th June, 1956 . Two departments have already framed the required rules regarding the grants-in-aid and the remaining ones are framing them now. Certificates regarding the proper utilisation of grants by the beneficiaries are now issued in most cases.

See paras 45 & 46 of the Report.

## APPENDIX II

*Statement showing the reasons leading to the Excesses over Voted Grants disclosed in the Appropriation Accounts of the Government of Himachal Pradesh for the year 1956-57 (1st April, 1956 to 31st October, 1956).*

Item No.	Number and Name of Grant	Final Grant	Actual Expenditure	Excess	Reasons
1956-57 (1st April, 1956 to 31st October, 1956)					
1.	Capital Outlay on Improvement of Public Health.	..	50,148	(+ )50,148	The excess occurred owing to the omission to provide necessary funds for the execution of the scheme in the original budget which is regretted. It was intended to obtain a Supplementary Grant for this purpose, but this could not be done owing to the re-organisation of States from the 1st November, 1956.
2.	36-Capital Outlay on Electricity Schemes.	' 31,30,000	' 33,15,018	(+ )1,85,018	The excess under this grant occurred due to inadequate provision under the head 'Suspense'. The Expenditure under 'Suspense' upto



31st October, 1956 amounted to Rs. 24,39,812 against Rs. 1,50,000 provided in the budget thereby resulting in an excess of Rs. 1,85,018 under the Grant, after taking savings under the other sub-heads into account.

3. 38-Payment of commuted value of Pension.	3,000	8,990	(+)5,990	The provision of Rs. 3,000 in the original budget for 1956-57 was based on the trend of actuals for 1955-56. The excess, however, occurred due to the payment of unanticipated commuted value of pension to a retired officer.
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### APPENDIX III

#### EDUCATION DEPARTMENT

*Page 13—Paragraph 15—Appropriation Accounts 1955-56—  
withdrawal of money to avoid lapse of grants*

Points	Replies
(i) Has any disciplinary action been taken against the Deputy Director who was responsible for issuing instructions to the Inspector of Schools to withdraw money on the last day of the year ? If so, what ?	(i) Action to draw up disciplinary proceedings against the officer has been initiated.
(ii) Has the question of his present appointment to an equivalent post in the H.P. Territorial Council after he had been rejected by the U.P.S.C. for appointment in the Himachal Pradesh Administration been referred to the U.P.S.C. or other competent authority for approval ? If so, with what result ?	(ii) Shri * * * * was appointed as Deputy Director of Education under this Administration on 1-6-53. He appeared before the Union Public Service Commission in April, 1957 as a candidate for the above post, but was not selected. As such he was holding the post of Deputy Director of Education on a temporary basis pending the appointment of an Officer selected by the U.P.S.C. at the time of the formation of the Territorial Council, <i>i.e.</i> 15th August, 1957. Under the Territorial Council Act and the Rules made thereunder, the Territorial Council is competent to make appointments of Principal Officers of the various departments under it. However, during the initial period following the constitution of the Territorial Council, the Lieutenant Governor had powers to make the appointments of Principal Officers for a period not exceeding six months pending appointments to be made by the Territorial Council. As such the services of Shri * *

## Points

## Replies

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were made available to the Territorial Council from the 15th August, 1957, as Principal Education Officer for a period of six months, which expired on 14th February, 1958. The Territorial Council since requested the Administration to extend his period of deputation. The Territorial Council is being informed that as Shri \* \* \* \* has no lien in the Administration, the question of his continued appointment in the Council has to be decided by them in accordance with the provisions of the Territorial Council Act and the Rules made thereunder. The final decision in the matter, therefore, rests with the Territorial Council, who will doubtless make a reference to the U.P.S.C. in the matter.

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## APPENDIX IV

### HEALTH DEPARTMENT

Page 185—Appropriation Accounts, 1955-56—Grant No. 32-A—  
Capital Outlay on Improvement of Public Health.

Points	Replies
<p>i. (i) A statement showing the particulars of (i) water supply and sanitation schemes approved by Himachal Pradesh Administration during the last five years; (ii) those actually completed (iii) those which yielded water and (iv) those abandoned with reasons therefor and financial implications (information may be given year-wise).</p>	<p>Statement attached (Annexure 'A').</p>
<p>(ii) What is the present position regarding the implementation of proposal to set up a separate Engineering Wing under the Health Department to undertake water supply (not minor irrigation) works etc. ? What are its financial implications ?</p>	<p>The question of having a separate Engineering wing under the Health Department for the execution of water supply schemes is still under consideration of the Administration.</p>
<p>(iii) Considering the backwardness of Himachal Pradesh, what allowance is proposed to be made in the matter of matching contributions by people in respect of various rural water supply schemes, etc. ?</p>	<p>Section 4(i)(b) of the 'Himachal Pradesh Water Supply Act, 1956' makes it obligatory for the beneficiaries of water supply scheme in rural areas to contribute 12-1/2% of the capital cost of the scheme and interest thereon. No allowance can be made in the matter of matching contribution till the Act is amended. At present there is no legislative proposal to get this percentage reduced. This aspect of the matter is being examined.</p>

Points	Replies
(iv) Is it possible to get people's contributions in the form of manual labour in the areas where they are not able to pay in cash ?	The possibility of people's contributions in the form of manual labour where they are not in a position to pay in cash is under examination but its introduction will require amendment of the Act.
2. How many villages have refused to pay in cash or in the form of manual labour ?	There have been no refusals on the part of villagers to pay their share of expenditure under the Natural Water Supply and Sanitation Scheme.
3. Has any reference been made to the Central Govt. to make the necessary allowance in the matter ?	No such reference has so far been made to the Central Government. Any change in the existing percentage of beneficiary's share would require amendment in the Act. This is being examined.

ANNEXURE "A"

*Statement showing water supply and sanitation schemes under 70-A National Water Supply and Sanitation Schemes for Rural areas sanctioned during the Last Five Years*

Sl. No.	Name of approved Schemes	Estimated cost	Year of Sanction	Whether completed or in progress	Whether yielded water	Whether abandoned <small>if so, reasons thereof</small>
1	2	3	4	5	6	7
1.	C.W.S.S. for Jodd, Jodlock Jhalra, Landex Chanog, Shabhal and Barog	30,830		In Progress		
2.	C.W.S.S. for Kath, Kofti Aiod Rokhala	20,430		Do.		
3.	Do. for Iarsa, Pao and Dhawalar	54,500		Do.		
4.	Do. for Karari, Rakshi and Anu	47,220		Do.		
5.	Do. for Kui, Darla and Dhar	54,810		Do.		
6.	Do. for Brashtu, Sharumtas and Charala	20,430		Do.		
7.	Do. for Mastot and Jhatnari	14,620				
8.	Do. for Delog, Plond, Tikri, Nehra, Mehra, Majra and Panohi	35,560		Completed (56-57) In progress.		

9.	Do.	for Govt. Middle School, Rohru, Sh : Vinoba Bhawe Trust and Dashalvu Village	19,000		Do.		
10.	Do.	for Bohl and Dharath	11,650		Do.		
11.	Do.	for Arhal School, Bateri Village and Arhal Village	53,950		Do.		
12.	Do.	for Nahan, Deothi, Chakli, Topkiper, Chaura No. I and Chaura No. II	35,750		Do.		
13.	Do.	for Bahli School, Bahu Parao Bahli Village and Rest House.	54,200		Do.		
14.	Do.	for Sangri Water Supply Scheme	85,595		Do.		
15.	Khakidhar	Water Supply Scheme	30,000		Do.		
16.	C.W.S.S.	for Tikkar and Kashaini	30,540		Do.		
17.	Do.	for Palog Ghassigaon, Shahal, Thakrot and Dhawandi	37,300		Do.		
18.	Do.	for Draina, Thanoh and Paloo	30,150	Schemes sanctioned in 1954-55 <i>Vide</i> Government of India letter No. F. 517-22/54, dated the 26th March, 1955.	Completed (57-58)	All the completed schemes are yielding water.	No scheme has so far been abandoned.
19.	Ludhiana	Water Supply Scheme	25,630		Completed (57-58)		
20.	Trilok	Water Supply Scheme	92,200		In progress.		
21.	Dadahu	Water Supply Scheme	41,046		Do.		
22.	Garpahri	Water Supply Scheme	7,928		Do.		

1	2	3	4	5	6	7
23.	C.W.S.S. for Bantal, Kohla, Bahnota, Upper and Lower Padar, Casaroo, Biela and Panelie .	59,400				In progress
24.	Rakh Water Supply Scheme .	23,970				Do.
25.	Durgapur Water Supply Scheme .	37,100				Do.
26.	C.W.S.S. for Saroga and Chararalu .	81,700				Do.
27.	Do. for Grima, Lal and Khani. .	86,100				Do.
28.	Do. for Katogra and Tikkar .	10,620				Do.
29.	Do. for Kund, Sirh, Tharoon and Raugooin .	34,200				Do.
30.	Do. for Lauga, Kodai, Bas, Kamrot, Jakhni, Gidwal, Majoo .	20,470				Do.
31.	Do. for Khajiar, Lasi and Bathli .	44,760				Do.
32.	Do. for Benikhet, Surkhigala and Pukhar .	64,400				Do.
33.	Reur Water Supply Scheme .	24,580				Completed (57-58)
34.	Jai Devi Water Supply Scheme .	33,000				Completed (57-58)
35.	Baghi Water Supply Scheme .	24,230				Do.
36.	Kiran Water Supply Scheme .	22,850				In progress.
37.	Rewalsaer Water Supply Scheme .	53,900				Do.
38.	Water Supply Scheme Kunihar	3,05,226				Do.



## APPENDIX IV

### COOPERATIVE DEPARTMENT

#### *Appointment of Enquiry Committee*

##### Points

- (i) A note stating in chronological order, various events *viz.*, the appointment of an Enquiry Committee to investigate into the working of Co-operative Movement, in Himachal Pradesh, its composition, terms of reference, number and date of meetings held, circulation of questionnaires and other activities of the Committee.

##### Replies

On March 21, 1955, Himachal Pradesh Administration appointed an Enquiry Committee to investigate into the working of the Co-operative Movement in Himachal Pradesh *vide* notification No. A.117-265/55, dated the 21st March, 1955.

#### *Composition of the Committee.*

The following officials/non-officials were appointed *vide* the same notification to work on the Committee :

1. Shri J.N. Banerjee . . . . . Chairman.
2. Shri Ram Dayal, M.L.A. . . . . Member.
3. Shri Daulat Ram Gupta, M.L.A. . . . . Do.
4. Shri Shiv Nand Ramaul . . . . . Do.
5. Shri Besar Ram, M.L.A. . . . . Do.
6. Shri M.S. Menon, A.E.A., Ministry of Food & Agriculture, New Delhi . . . . . Do.
7. Shri A.B. Malik, Development Commissioner . . . . . Do.
8. Shri Fateh Singh, R.C.S. . . . . Do.
9. Shri Vidya Sagar, D.R.C.S. . . . . Non-member (Secy.)

Later Shri Fateh Singh Registrar and Shri Vidya Sagar Sharma, Deputy Registrar, Cooperative Societies, who left service, were replaced by the present Registrar and Shri H.S. Negi, Deputy Registrar, Cooperative Societies, *vide* Himachal Pradesh Notification No. A.107-265/55,

dated the 29th October, 1956. Shri M.S. Menon, Assistant Economic Adviser, Ministry of Food & Agriculture, was also replaced by Shri J. Gogai, Deputy Director (Cooperation) in the Ministry of Agriculture, Government of India, *vide* Notification No. A.107-265/55, dated the 29th March, 1957. Shri A.B. Malik, Development Commissioner, was also replaced by Shri K.B. Srivastava, Judicial Secretary, Himachal Pradesh, *vide* notification No. Apptt.1-941/57, dated the 5th December, 1957.

The Chairman of the Committee, Shri J.N. Banerjee, was also replaced by Shri M.A.T. Iyengar, I.C.S., *vide* Notification No. A.107/265/55, dated the 11th December, 1956.

*Terms of reference.*

The terms of reference as embodied in the notification referred to above were to examine the working of the Cooperative movement in Himachal Pradesh and to advise the Government in adopting ways and means for its proper and efficient working.

On a reference made in this connection by the first Chairman, Shri J.N. Banerjee, the then Chief Minister in Himachal Pradesh, wrote to him as follows :—

“There are certain complaints that the Cooperative Societies were not functioning properly and that undue patronage was being shown at least to some of them. The main purpose of the enquiry is to find out if there are serious irregularities in the working of this movement in Himachal Pradesh. If so, what and how they should be removed. Since practically, the whole social structure is to stand on the strength of the Cooperative Societies, it is proper to see how far they have been able to achieve that object and what are its shortcomings and how we can remedy them. I do hope the Committee will be

able to do some very useful work in this connection so that it can really help build up the economy of growers and others in this area."

*Number and dates of meetings held.*

The Committee convened 26 meetings in all. The dates of the meetings are as given below :—

2nd July, 1955; 25th September, 1955; 26th October, 1955; 12th, 13th, 14th August, 1957; 2nd, 3rd, 4th, 5th, 6th, 14th, 15th, 16th, 17th and 27th September, 1957; 10th, 12th, 14th October, 1957; 26th, 27th November, 1957; 3rd, 4th, 5th, and 13th December, 1957, when a meeting was held at 8.00 A.M. and the second special meeting at 8.00 P.M.

*Circulation of questionnaires.*

464 copies of questionnaire were circulated on the 16th July, 1955, to various persons, firms, institutions, officers and departments.

*Other activities of the Committee.*

Committee examined 13 witnesses out of whom as many as 6 were examined by the Chairman himself without reference to the other members of the Committee. The Committee also issued supplementary questionnaire to the Cooperative Department and obtained information from the various departments in connection with the enquiry.

- (ii) A statement showing the dates on which the questionnaires were issued by the Chairman of the Enquiry Committee and the dates on which the replies were sent to the Committee by the Departments concerned. Which Department did not send reply to the Committee
- The questionnaire was issued on the 16th July, 1955, calling for replies by the 15th September, 1955. The following officials/departments sent their replies on the dates shown against each :
- |  |           |          |
|--|-----------|----------|
| 1. District Coop. & Supplies Officer, Chamba         | . . . . . | 28-10-55 |
| 2. Inspector Coop. Societies, Sarahan, Distt. Sirmur | . . . . . | 27-8-55  |

and the reason therefor ? Were there any differences between the Departments and the Chairman of the Committee ? Did the Second Chairman issue a reminder to the defaulting Departments for replies to the first questionnaire ?

3. Inspector Coop. Societies, Rohru . . . . .	1-8-55
4. Project Officer, Theog . . . . .	5-8-55
5. Deputy Commissioner, Mandi . . . . .	23-8-55
6. Deputy Commissioner, Bilaspur . . . . .	9-9-55
7. District Coop. & Supplies Officer, Nahan . . . . .	14-12-55
8. Block Development Officer, Bhattiyat . . . . .	7-9-55

The following departments did not send their reply :

1. Development Department.
2. Co-operative Department.
3. Agriculture Department.
4. Industries Department.
5. Education Department.
6. Public Works Department.
7. Transport Department.
8. Forest Department.

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Some of the officers replied in their individual capacity. The departments who did not reply felt that there was hardly any question in the questionnaire to which a reply on their part was called for. In this connection, a copy of the questionnaire is attached.\*

No reminders were issued by the second Chairman to the defaulting departments in respect of the first questionnaire.

There were no differences between the Chairman of the Committee and the departments as such. But there might have been difference of opinion between the Chairman and the members of the Committee.

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\*Not printed.

(iii). Particulars of the meetings of the Committee which were not attended by the official members and reasons therefor.

Statement showing the required particulars is attached. (Annexure).

(iv). Is it a fact that the Registrar Cooperative Societies who was also a member of the Committee wanted the Committee to re-examine certain witnesses at the last sitting of the Committee and the earlier meetings? The dates may be given.

The Registrar, Cooperative Societies, who was also a member of the Committee, did not want the Committee to re-examine certain witnesses at the last sitting of the Committee. He had, however, suggested on several occasions previously to the Chairman that the Committee should examine additional witnesses. In the discussions that he had with the Chairman at the latter's residence in the presence of the Secretary, Cooperative Committee, even as far back as December, 1956, and January, 1957, he had put forward the suggestion that it was essential to examine additional witnesses.

(v). What staff was given to the second Chairman of the Committee and when was it posted?

Immediately on his arrival, the Chairman was provided with a steno and two peons. No further staff was provided, since the Chairman stated that he would take sometime to study the files. Considering, however, that in due course of time the Committee would handle a fairly voluminous amount of work, the Administration created the following additional posts :—

1. Assistant	. . . . .	I
2. Senior Clerk	. . . . .	I

The Assistant took over charge on 6-4-57 and the Senior Clerk joined on the 20th April, 1957.

- (vi). Whether any report was submitted by the second Committee? If so in what form and manner and how it was dealt with both by the Himachal Pradesh Administration and the Ministry of Home Affairs? A copy of this report as also action taken may be furnished.
- No second Committee was constituted to examine the working of the Cooperative Movement. It may, however, be stated that on the resignation of the Chairman of the Committee appointed in the first instance, another Chairman was appointed. The Committee did not submit any report to the Himachal Pradesh Administration. The Chairman of the Committee, however, handed over a note prepared by him to the Secretary of the Committee on the 16th December 1957 at 7.00 P.M. whereas his term of office had expired on the 13th December, 1957.
- (vii). Whether it is proposed to pursue the enquiry?
- Yes. Another Chairman, Shri P.C. Mathew, I.C.S., has since been appointed to complete the enquiry.

## ANNEXURE

*Statement showing number of meetings not attended by the official members  
(Cooperative Enquiry Committee Meetings)*

Total No. of meetings	Name of official	No. of meetings not attended	Reasons for non-attendance, Remarks, etc.
1	2	3	4
26	Deputy Director (Coop.) Ministry of Food & Agr., New Delhi.	1	He did not attend one meeting being busy with some other work.
	Registrar Coop. Societies, Himachal Pradesh.	Six 14th, 15th, 16th, 17th, 27th Sept., 1957 and 14th Oct., 1957.	There being reports about acute shortages of food-grains, in Chini and Pangi areas he had to visit these places as Director of Civil Supplies to assess the extent of deficit and to make arrangements for supplies. He was also required to visit these areas as Director of Panchayats for delimitation of Panchayat Circles with a view to remove the constant complaints of the people of these areas about the inconvenience caused to them due to unwieldy nature of Panchayat circles.
	Development Commissioner, Himachal Pradesh.	Eight 6th, 14th, 15th, 16th, 17th Sept., 10th, 12th, and 14th October, 1957.	On 6th Sept. 1957, Development Commissioner was away from Simla on tour to Thana Dhar in connection with the selection of site for Veterinary Hospital.  From 14th to 17th Sept. he was busy with the Joint Secretary Ministry of Community De-

1

2

3

4

development accompanying him to various institutions around Simla. On 10th, 12th and 14th October, 1957, he was at Srinagar in connection with Development Commissioner's Conference and Zonal Council meeting.



APPENDIX VI  
LAND REVENUE DEPARTMENT

*I—Statement showing break-up of expenditure under Land Revenue and Settlement Operations from the year 1951-52 onward i.e. from 1951-52 upto 1957-58.*

Sub-heads of Accounts	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58
Settlement Operations .	25,903	1,69,768	2,93,107	3,70,756	4,10,912	3,96,815	4,72,465
Land Records (including Allowances to District and Village Officials and Assignments and Compensation) . . . . .	5,72,097	5,58,571	5,81,269	6,15,960	6,81,090	7,05,196	8,57,104
Consolidation of Holdings . . . . .	..	..	..	14,523	46,744	99,721	1,18,276
TOTAL	5,98,000	7,28,339	8,74,376	10,01,239	11,38,746	12,01,732	14,47,845

II.—Note indicating the number of years to be taken for the completion of settlement operations in Himachal Pradesh and the present position in this behalf.

Settlement operations in Chamba were commenced in November, 1951, and are expected to be completed in the middle of November, 1958.

Immediately after the completion of settlement operations in Chamba District, it is proposed to take up settlement operations in Mandi District. With a geographical area of 9,74,720 acres and a population of 3,10,626 according to 1951 census settlement in this district might take a period of six years for completion and involve a cost of Rs. 28 lacs.

Position regarding the rest of the three Districts, Tehsil-wise, is tabulated below. Since as many as twenty-seven States were integrated in the Mahasu District, now forming nine Tehsils and three Sub-Tehsils, area-wise position is indicated.

District	Tehsil	Years of last settlement	Next settlement normally due
1. Sirmur	Nahan . . . . .	1929	1969
	Paonta . . . . .	1929	1969
	Renka . . . . .	1930	1970
	Pachhad . . . . .	1931	1971
2. Bilaspur	Ghumarwin . . . . .	1933-34	1974
	Sadar . . . . .	Do.	1974
3. Mahasu	(1) Bhaghat (Teh. Solan) . . . . .	1915	1955
	(2) Mehlog „ . . . . .	1967 B.K.	2007 B.K.
		1910 A.D.	1950 A.D.
	(3) Beja „ . . . . .	1919-1920	1960
	(4) Muthar „ . . . . .	1916-1919	1957
	(5) Baghal (Teh. Arki) . . . . .	1965 B.K.	2005 B.K.
		1908 A.D.	1948 A.D.
	(6) Mangal „ . . . . .	1949-50	1990
	(7) Kunihar „ . . . . .	1979-80 B.K.	2020 B.K.
		1922-23 A.D.	1963 A.D.
	(8) Dhami (Teh. Kasumpti) . . . . .	1917	1957
	(9) Koti „ . . . . .	1949-50	1990
	(10) Keonthal „ . . . . .	1945-46	1986
(11) Ratesh (Teh. Theog, Jubbhal and Chopal). . . . .	1945-46	1986	
(12) Theog (Teh. Theog) . . . . .	1930-31	1971	
(13) Ghund „ . . . . .	1927-28	1968	

District	Tehsil	Years of last settlement	Next settlement normally due
Mahasu— <i>Contd.</i>	(14) Balson (Teh. Theog & Sub-Teh. Kotkhai)	1949-50	1990
	(15) Madhan (Teh. Theog)	1911	1951
	(16) Kotkhai & Kotgarh Sub-Teh. Kotkhai & Sub-Teh. Kumarsain	1915-16	1986
	(17) Darkoti (Sub-Teh. Kotkhai)	1919-20	1960
	(18) Khaneti (Sub-Teh. Kotkhai & Kumarsain)	1928-29	1969
	(19) Kumarsain (Sub-Teh. Kumarsain)	1925-26	1966
	(20) Sangri „	1949-50	1990
	(21) Bhajji, Sub-Teh. Suni.	1922	1962
	(22) Bushahr-		
	(i) Rohru Teh.	1913-14	1954
	(ii) Rampur „	1915-16	1956
	(iii) Chini „	1926-27	1967
	(23) Delath (Teh. Rampur)	1941	1981
	(24) Jubbal (Teh. Jubbal & Chopal).	1907	1947
	(25) Tharoach (Teh. Chopal & Jubbal.)	1949-50	1990
	(26) Dhadhi (Teh. Jubbal)	1949-50	1990
	(27) Ranwin Garh „	1940-41	1981

The question of undertaking settlement operations in other districts will be taken up after or immediately before the settlement operations in Mandi district have been completed. If the rest of the districts are taken up for settlement in succession, it is likely to take about 26 years more approximately to complete the settlement in Himachal Pradesh.

APPENDIX VII  
STATE STAMPS

Points

Replies

*Page 28—Appropriation Accounts, 1954-55*

- |  |  |
|--|--|
| <p>I. What action is proposed to be taken against the officer who was responsible for giving a wrong certificate that the closing balance was not in excess of the normal requirements and that it did not include any surplus or unserviceable stamps ?</p> | <p>The certificate in question was recorded on the basis of such certificates sent by the Deputy Commissioners and a Treasury Officer to the effect that the closing balance of stocks of stamp was not in excess of their normal requirements and that it did not include any surplus or unserviceable stores. In doing so, it appears that they did not take into account the large existing stock of surplus or unserviceable stamps inherited from the erstwhile States integrated into Himachal Pradesh, the value of which was also included in the stores accounts. Relying on these certificates the Under Secretary (Revenue) also appended a certificate in the same term without further scrutinizing the position appearing in the statements received by him. The officers concerned have since been issued a warning to ensure that in future correct position is stated in the certificates issued by them.</p> |
|--|--|

*Page 29—Appropriation Accounts, 1955-56*

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|--|--|
| <p>II. (i) In the stock of Entertainment stamps, what is the percentage and value of stamps of the denominations not commonly in use ?</p> | <p>The total value of entertainment duty stamps in stocks on the 31st March, 1958 amounted to Rs. 3,33,081.64 nP. This included stock of entertainment duty stamps of denominations not commonly used (<i>i.e.</i> stamps of denominations of annas 3 and upwards) of the value of Rs. 2,80,773.35 nP. The percentage of not commonly used stamps thus works out to about 84%.</p> |
|--|--|

- |   |   |
|---|---|
| <p>What action is proposed to be taken (i) to reduce the stock of these stamps and (ii) to des-</p> | <p>There has been a steady decline in the closing balances of entertainment duty stamps during the years 1955-56,</p> |
|---|---|

Points	Reply	
troy all the obsolete stamps of the erstwhile States ?	1956-57 and 1957-58, as indicated below :—	
	Year	Closing balance
		Rs.
	1955-56 (on 31-3-56)	4,06,365
	1956-57 (31-3-57)	3,57,142
	1957-58 (31-3-58).	3,33,081.64

Further supplies of stamps of higher denominations rarely used, from the Central Stamps Stores, Nasik, have been discontinued till the present stocks of such stamps is exhausted. There are no obsolete entertainment duty stamps, hence the question of their destruction does not arise. There are, however, obsolete judicial and non-judicial stamps inherited from the erstwhile States and also Georgian stamps. The matter regarding their destruction has already been taken up with the Government of India. These will be destroyed after retaining a few specimens for sending them to National Archives for record.

Have a few specimens of these stamps been sent to the National Archives for Historical record ?

Necessary action to this effect will be taken in so far as judicial and non-judicial stamps are concerned, as stated above, as there are no obsolete entertainment duty stamps in stock.

APPENDIX VIII  
PUBLIC WORKS DEPARTMENT

Points	Replies
<i>1. Pages 11—12 para 15 Appropriation Accounts, 1954-55—Execution of works without sanctioned estimates</i>	
(i) How many works out of those stated in the Audit para were of emergent nature which necessitated the relaxation of the observance of the provisions of para 58 of the C.P.W.D. Code.	All the works stated in the Audit para were of an emergent nature which necessitated relaxation of codal formalities under para 58 of the C.P.W.D. Code.
(ii) What is the total number of works started without the preparation of and sanction to detailed estimates even after instructions were issued by the Chief Engineer in June, 1956? What action is proposed to be taken against the officers responsible for disregard of these instructions?	Necessary data has to be collected from the Divisional Offices and then verified from the record of the Accountant-General, Punjab. Information is being collected and will be furnished shortly.
<i>2. Store Accounts</i>	
(i) What is the present position regarding appointment of an Accounts Officer in the office of the Chief Engineer, P.W.D.	The services of an officer have been taken on loan from the Office of the Accountant-General, Punjab, for the purpose.
(ii) What action has been taken to ensure the clearance of arrears in stores accounts?	All the Executive Engineers have been instructed to clear the arrears in stores accounts expeditiously. A special party has also been constituted for clearing the arrears. A statement indicating the latest position is enclosed (Annexure 'A').
(iii) When is it proposed to complete the physical stock verification in the various Divisions of the P.W.D.	The physical verification of stock in certain Divisions of the P.W.D. was in arrears, and the Chief Engineer has issued instructions in June, 1958 to complete physical verification up to March, 1958 within three months. Up-to-date position of physical verification of the stock is indicated Division-wise in Annexure 'B.'
A report on surpluses and deficiencies disclosed as a result of stock	All Divisional Officers have recently been directed to complete stock

Points	Replies
verifications in terms of money value may be furnished.	verification within 3 months. The discrepancies in stock verification will be known after the stocks have been physically verified by them.
(iv) Why no reserve stock limits for stocks were fixed during the year 1955-56, in any of the divisions?	Proposals regarding the fixation of the reserve stock limit remained under correspondence for a considerable period between the P.W.D. and the Finance Department of the Administration during 1955-56, for want of detailed and complete information.
(v) What were the reasons for overstocking in the year 1954-55 in some divisions?	Due to the receipt of material indented for in earlier years through the D.G.S. & D. and the adjustment of certain unexpected debits in respect of materials already received.
(vi) Has any reserve limit been fixed for stocks in the various divisions during the current financial year?	No. The required information is being collected from the Subordinate P.W.D. Offices. Necessary action in this regard will be taken immediately on the receipt of the above information.
What is the procedure followed in fixation of reserve limits of stocks?	Proposals framed on the basis of the trend of actual receipt and issue of stores during previous years and keeping in view the probable work-load for the coming year is to be submitted to the Finance Department by the P.W.D., before the commencement of a financial year for which the stock-limits are required to be got fixed. The Finance Department after necessary scrutiny of the same should then accord its concurrence, before necessary orders fixing the stock-limits are communicated to the Subordinate P.W.D. authorities. In face this procedure was not followed in the past. Necessary action in this direction is being taken in consultation with the P.W.D.

Points	Replies
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3. Grant No. 35—Head-81-A Capital Outlay on Electricity Schemes—Page 190 of Appropriation Accounts 1955-56

- (i) The entire grant of Rs. 2 lakhs provided under Extension of Electricity from Joginder Nagar to Chauntra was surrendered. What were the reasons for the non-utilisation of the amount?
- The provision of Rs. 2 lacs for the non-plan work of "extension of electricity from Jogindernager to Chauntra" could not be utilised due mainly to the non-receipt of the material ordered for this work. It was later decided to transfer the scheme to the Five Year Plan. Out of the above provision of Rs. 2 lacs, Rs. 1,56,800/- were re-appropriated as under:—

Rs.

(a) To cover additional expenditure over another urgent non-plan work <i>viz.</i> replacement of old Turbo Set and change-over from D.C. to A.C. system at Chamba and re-arrangement of distribution of net work	36,800
(b) Purchase of stock materials for the efficient and speedy execution of electricity schemes in Himachal Pradesh	1,20,000
TOTAL	<u>1,56,800</u>

The balance amount of Rs. 43,200/- was surrendered.

- (ii) Had any plan been formulated for this project before making provision in the Budget? Yes.



## ANNEXURE "A"

*Statement showing the latest position regarding completion of half yearly Stock Returns*

Name of Division	Present position
<b>FIRST CIRCLE:</b>	
<b>Completed Upto:—</b>	
1. Chamba B & R Division . . . . .	September, 1951.
2. Mandi Division . . . . .	March, 1956.
3. Bilaspur Division . . . . .	March, 1956.
4. Chenab Valley Division . . . . .	September, 1957.
5. Public Health Division, Mandi . . . . .	March, 1956.
6. Irrigation Division, Mandi . . . . .	March, 1957.
<b>SECOND CIRCLE :</b>	
1. Mahasu Division . . . . .	March, 1955.
2. Nahan Division . . . . .	March, 1956.
3. Rampur Division . . . . .	March, 1956.
4. Irrigation Division, Simla . . . . .	March, 1956.
5. Public Health Division, Simla . . . . .	September, 1956.
6. New Bilaspur Township Division . . . . .	March, 1957.
<b>HYDRO-ELECTRICAL CIRCLE :</b>	
1. Simla Hydro-Electrical Division . . . . .	March, 1956.
2. Hydro-Electrical Division, Dalhousie . . . . .	March, 1956.

## ANNEXURE "B"

*Statement showing the up-to-date position of verification of stock in various Divisions under different Circles in Himachal Pradesh Public Works Department*

Name of Division	Position
<b>SECOND CIRCLE :</b>	
1. Mahasu Division	Up-to-date verification done by the Xen.
2. Public Health Division	Up-to-date by all Sub-Divisional-Officers excepting Dhamsi Sub-Division who has done verification upto 3/56 only.
3. Irrigation Division, Simla	Verification done upto 3/56.
4. Rampur Division	Verification done upto 3/56.
5. Nahan Division	Verification done upto 3/56.
6. New Bilaspur Township Division	Up-to-date verification done.
<b>FIRST CIRCLE :</b>	
1. Mandi Division	Up-to-date verification done for all Sub-Divisions excepting Karsog Sub-Division.
2. Bilaspur Division	Up-to-date verification done.
3. Chamba Division	Up-to-date verification done.
4. Public Health Division, Mandi	Up-to-date verification done by all Sub-Divisional Officers excepting Chamba South Sub-Division.
5. Irrigation Division, Mandi	Up-to-date verification done by all Sub-Divisional Officers excepting Bilaspur and Chamba South Sub-Division.
6. Chenab Valley Division	Complete verification done upto 9/57.
<b>HYDRO-ELECTRICAL CIRCLE:</b>	
1. Hydro-Electrical Division, Simla	Work of verification in hand.
2. Hydro-Electrical Division, Dalhousie.	Up-to-date verification done.

## APPENDIX IX

## FOREST DEPARTMENT

## I. Page 35—Note 5—Appropriation Accounts, 1955-56—Unrealised Forest Revenue

Points	Replies
15(i) A note stating the present position regarding establishing the liability of the contractor to pay the balance of Rs. 50,000/- in this case and the action proposed to be taken to recover this amount.	As a result of further review of the case in the light of available records, a sum of Rs. 50,000/-, still appears to be due from the contractor, as price of timber sold to him under orders of the <i>ex-Ruler</i> of the Indian State. It is proposed to resume the proceedings in order to recover the outstanding amount.
(ii) When was the contractor first asked to pay the balance amount? When did he say that he had already paid to the Ruler of the erst while State ?	The contractor was first asked to pay the balance by a notice on 12th August, 1949. The contractor, however, in his letter dated the 30th December, 1949, read with his letters Nos. 61 N/51 and 213/56, dated the 23rd October, 1951, and 7th November, 1956, respectively, contended that he had already paid the amount to the <i>ex-Ruler</i> concerned.
(iii) Has the contractor been served with a notice to produce evidence of his having paid the amount already ?	The contractor was duly served with a notice. He actually detailed a representative for tracing the remittance in the Treasury of the State concerned but this could not be established. As stated against para (i) above, necessary recovery proceedings against the contractors will be resumed now.

## II. Page 2.—Appropriation Accounts, 1956-57 (up to 31st October, 1956)—Losses—4 Forests (Rs. 1,159)

(i) What action is proposed to be taken against the Range Officer and the Divisional Forest Officer for their contributory negligence in not conducting the physical	The mis-appropriation was facilitated by the lack of proper supervision over the activities of the Depot Clerk by the then Divisional Forest Officer and the Range Officer con-
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stock verification which facilitated the mis-appropriation of Government money by the Depot Clerk?

concerned, as also due to the omission to conduct the physical verification of stocks. In 1950 a statement of allegations was prepared against the officers concerned but it was on re-consideration decided to pend the disciplinary proceedings against them, as it was felt that the starting of the departmental proceedings at that stage against the officers concerned might prejudice the recovery proceedings, which were being taken against the parties to whom credit sales of timber in this case had been made. Meanwhile the Divisional Forest Officer died in 1952. The then Range Officer who had since reverted as Forester was also dismissed on account of certain other charges against him but was re-instated subsequently as a Forester. He continues to be in service of the Forest Department as a Forester at present. Taking all the circumstances into consideration it is not now proposed to take any further action against him.

## APPENDIX X

## TRANSPORT DEPARTMENT

*Himachal Pradesh Transport Service*

Points	Replies																																	
(i) A note stating the genesis of the present method of calculation of depreciation on the basis of actual cost of vehicles <i>vis-a-vis</i> their cost of replacement and action proposed to be taken to revise the present system with a view to avoid withdrawals from the Reserve Fund at the time of replacements.	Note attached (Annexure 'A')																																	
(ii) A statement showing the (a) total number of vehicles in the fleet ; (b) No. of vehicles declared unserviceable during the last 3 years year-wise; (c) No. of new vehicles purchased during the last 3 years ; and (d) No. of vehicles on the sick list month-wise during the last 3 years and the proportion which they bore to the vehicles actually put on the road.	<p>The figures are given below:</p> <p>(a) 357 including 3 motor cycles as on 12th July, 1958.</p> <p>(b)</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Buses</th> <th>Trucks</th> <th>Jeeps</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>1954-55</td> <td>11</td> <td>6</td> <td>..</td> <td>17</td> </tr> <tr> <td>1955-56</td> <td>..</td> <td>2</td> <td>..</td> <td>2</td> </tr> <tr> <td>1956-57</td> <td>..</td> <td>..</td> <td>..</td> <td>..</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>11</b></td> <td><b>8</b></td> <td><b>..</b></td> <td><b>19</b></td> </tr> </tbody> </table> <p>(c) Number of vehicles purchased are given below:—</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Year</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>1954-55</td> <td>. 15</td> </tr> <tr> <td>1955-56</td> <td>. 58 (including 31 vehicles from disposals).</td> </tr> <tr> <td>1956-57</td> <td>. 25 (including 10 vehicles from disposals).</td> </tr> </tbody> </table> <p>but actually 13 and 39 vehicles respectively were put on road during the years 1954-55 and 1955-56 and the balance represented chasses awaiting construction of bodies.</p>		Buses	Trucks	Jeeps	Total	1954-55	11	6	..	17	1955-56	..	2	..	2	1956-57	..	..	..	..	<b>TOTAL</b>	<b>11</b>	<b>8</b>	<b>..</b>	<b>19</b>	Year	Number	1954-55	. 15	1955-56	. 58 (including 31 vehicles from disposals).	1956-57	. 25 (including 10 vehicles from disposals).
	Buses	Trucks	Jeeps	Total																														
1954-55	11	6	..	17																														
1955-56	..	2	..	2																														
1956-57	..	..	..	..																														
<b>TOTAL</b>	<b>11</b>	<b>8</b>	<b>..</b>	<b>19</b>																														
Year	Number																																	
1954-55	. 15																																	
1955-56	. 58 (including 31 vehicles from disposals).																																	
1956-57	. 25 (including 10 vehicles from disposals).																																	

(d) As per details given below:

1955-56

Month & Year	Total strength of the fleet	Average No. of Vehicles on Road or Road-worthy vehicles	Average No. of Vehicles in the sick list	Percentage of sick vehicles to fleet
1	2	3	4	5
				%
4/55 . . . . .	182	150	32	17.5
5/55 . . . . .	182	145	37	20
6/55 . . . . .	182	147	35	19.2
7/55 . . . . .	198	159	39	20.2
8/55 . . . . .	198	154	44	22.2
9/55 . . . . .	198	163	35	17.7
10/55 . . . . .	198	162	36	18.2
11/55 . . . . .	198	156	42	21.2
12/55 . . . . .	226	170	56	24.7
1/56 . . . . .	226	172	54	23.9
2/56 . . . . .	226	176	50	22.1
3/56 . . . . .	226	182	44	19.5

1956-57

4/56 . . . . .	232	177	55	23.7
5/56 . . . . .	232	174	58	25
6/56 . . . . .	232	175	57	24.6
7/56 . . . . .	232	175	57	24.6
8/56 . . . . .	232	178	54	23.3
9/56 . . . . .	232	179	53	22.8
10/56 . . . . .	232	179	53	22.8
11/56 . . . . .	232	177	55	23.7
12/56 . . . . .	242	184	58	23.9
1/57 . . . . .	242	182	60	24.8
2/57 . . . . .	242	186	56	23.2
3/57 . . . . .	242	188	54	22.3

I	2	3	4	5
	1957-58			%
4/57 . . . . .	310	244	66	21.3
5/57 . . . . .	310	247	63	20.3
6/57 . . . . .	310	251	59	19
7/57 . . . . .	310	242	68	21.9
8/57 . . . . .	310	240	70	22.6
9/57 . . . . .	310	238	72	23.2
10/57 . . . . .	310	237	73	23.6
11/57 . . . . .	310	235	75	24.2
12/57 . . . . .	311	235	76	24.5
1/58 . . . . .	326	246	80	24.6
2/58 . . . . .	333	252	81	24.3
3/58 . . . . .	357	268	89	24.9

(iii) What is the value of spares held in stock as on 31st March, 1958 ? Is any stock surplus? How are the spares relating to the vehicles no longer used by the Himachal Pradesh Transport Service proposed to be disposed of?

The book value of spares held in stock on 31st March, 1958 amounts to Rs. 8.50 lakhs approximately. Out of it the value of stocks relating to the makes of vehicles no longer used by the Himachal Pradesh Transport Department is estimated to be of the order of Rs. 4,500/-, which constitutes a negligible percentage of the total stock. The spare parts found surplus to requirements will be sold by public auction.

## ANNEXURE 'A'

*Note showing the genesis of the present method of calculation of depreciation on the basis of actual cost of vehicles vis-a-vis their cost of replacement and action proposed to be taken to revise the present system*

The capital sunk by any concern in the acquisition of its fixed assets must be preserved intact and the loss in value arising from the use of such assets should be made good out of revenue each year by distributing such charge fairly over their working life and not left over until the last moment when these assets have ceased to be useful. Accordingly at the time of the nationalisation of Transport in Himachal Pradesh it was decided to constitute Depreciation Fund for replacement of capital assets after they had served their useful life. The rates of depreciation charged in the case of various assets were fixed as under :—

(1) Rolling Stock	25% or based on one lakh miles life of vehicle.	Vide G/I letter No. F. 63(6)-Econ/51, dated 18-6-1951.
(2) Furniture & Fixtures		—do—
(3) Tools & Plants & machinery	10%	—do—
(4) Buildings	3%	—do—
(5) Typewriter	15%	—do—
(6) Diesel vehicles	1,50,000 miles.	Vide H.P. Govt. Memo. HGT. 50, 24-6-53.
(7) Disposal vehicles	250,00 "	Vide H.P. Govt. Memo. No. HGT. 102-49 55, dated 28-9-55.

As the amount of depreciation should be correlated to the services rendered, it was felt that depreciation on vehicles should be deducted on mileage basis, viz., 1 lac miles for petrol vehicles and 1,50,000 miles for diesel vehicles. The life expectancy of vehicles in the hills was estimated at 50% to 66% of the life in respect of similar vehicles in the plains. The alternative method of calculating depreciation on the basis of fixed life of the asset was not considered so satisfactory. The existing method followed by the Transport Department allows for depreciation only on the basis of the cost at which the asset was originally acquired. It does not include extra expenditure that may have to be incurred while replacing an asset on account of rise in its cost. It is felt that the extra expenditure in such a case would have to be capitalised.

It is understood that this is also the practice in other Transport undertakings e.g., that of the Punjab Government. The principle of calculating depreciation on time or mileage basis on the initial cost of the vehicle has been accepted by the All India Nationalised Undertakings Conference as well as the Transport Advisory Council.



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