PART I

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF URBAN DEVELOPMENT

AND

POVERTY ALLEVIATION

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Ministry of Urban Development and Poverty Alleviation

Executive Summary

1. The present Ministry of Urban Development and Poverty Alleviation was formed in May 2000 by bringing together Ministry of Urban Development and Ministry of Employment and Poverty Alleviation. The Ministry has five attached offices, three subordinate offices, eight statutory and autonomous bodies and three public sector undertakings.

2. Department of Urban Development and the Department of Urban Employment and Poverty Alleviation both administer a number of centrally sponsored plan projects, for which funds are provided to the states.

3. Central Public works Department is the largest Department of the Ministry. It is recommended that Director General of the Department may be delegated substantial powers for day to day administration of the Department and he may also work on a single file system with the Ministry. To enable him to perform effectively, he may be given a full time FA and support of a few Additional DGs in his office.

4. The Department has created several posts of ADGs in the field, who have not been delegated any authority and have merely become an additional channel of communication causing delay in decision making. This undermines the role of a Chief Engineer and the position of his office should not be devalued. Other posts of ADGs are therefore not justified, but if required for cadre considerations, then a solution may be found without adding to the hierarchy.

5. At the Zone level, all officers of different disciplines should report to the chief Engineer of the Zone so that there should be one point accountability. The posts of CE may be held from both disciplines (civil and electrical) in the ratio of their cadre strength.

6. There are far too many levels in CPWD. It is recommended that the level of Junior Engineer and Assistant Engineer may be amalgamated and both may report directly to the Executive Engineer. The hierarchical chain of JE/AE-EE-SE-

CE and ADG is far too long and a Committee may be appointed to reduce at least one level and also to review the norms for staffing.

7. The budgetary control and accounting system needs to be re-designed and strengthened, using computers wherever feasible.

8. There is need for improving the productivity of the Department. It is recommended that the establishment cost should be brought down and the productivity increased by 20% per annum.

9. CPWD also provides support to Government of Delhi. It is recommended that this work nay be transferred to Delhi Government.

10. There is vast scope for introducing the use of computers for improving the efficiency of the Department and time bound plan may be put in place for computerization of the accounting, billing, etc.

11. Work charged staff today receive salary and all facilities like regular government employees. They are also governed under the Minimum Wages Act, which is an anomalous situation. It is recommended that an urgent view may be taken on treating them either as government employees or industrial employees.

12. Automation may be introduced on the electrical side for various operations and this will reduce the requirement of staff. It is also recommended that 600 posts of draftsmen and 200 posts of Assistant ADs may be reduced.

13. It is recommended that outsourcing for jobs should be explored both for projects and maintenance.

14. Directorate of Horticulture may also improve its productivity. It may surrender 100 posts of Malis who were attending the work which has since been transferred to NDMC. Outsourcing may be explored for different jobs.

15. Department of Printing has 21 Presses. The Department has decided to amalgamate 4 Presses with nearby Presses. Three Text Book Presses are likely to be transferred to State Governments. Efforts may be made to transfer Presses which are doing the work of Department of Posts to that Department. Printing is not a core function of the Government and the Department may retain only a few Presses required for work relating to Budget, Parliament, Rashtrapati Bhavan. All other Presses may be closed. Forms Store may also be closed down. There is

also no need to establish a training institute which the Department proposes to establish at Shimla. The accounting work is very weak and it is recommended that an efficient cost accounting system should be put in place in a time bound manner, if necessary by hiring professional help.

16. Directorate of Estates should computerize its work and thereafter make a fresh assessment of staff requirement. The work of posting recoveries of rent should be computerized. "No dues" certificate for retiring employees should not be necessary and pension may be finalized after taking an indemnity bond. This Directorate may sell or transfer to MCD/NDMC all markets and shops, transfer holiday homes to State Tourist corporations. Houses for top functionaries may be earmarked so that expenditure on special services may be kept to the minimum. Standard rent for government housing should be revised every five years. Office accommodation for top level functionaries should be regulated as per norms and accommodation in Vigyan Bhavan Annexe should be given only to Committees and Commissions for a short term and not to organizations on a long term basis.

17. Land & Development Office should computerize land records, revise lease rents, transfer rehabilitation colonies to NDMC and speed up conversion to free hold. There should be 50 per cent reduction in categories of C & D employees. A work study may be carried out by SIU to determine the staff requirement.

18. Stationary Office at Kolkata may be closed down and the staff declared surplus.

19. Publications Department should work on a commercial basis, computerize its billing, stock and dispatch. Armed Forces publications should be transferred to Army Postal Service. The staff strength should be reviewed by SIU.

20. Town and Country Planning Organisation may computerize its work. The technical posts may be filled directly by taking exemption from UPSC. There is scope for reduction of C& D group posts by 30 per cent. A work study by SIU may be carried out to determine staff strength.

21. National Building Organisation should be closed down. National Building & construction Corporation is a good candidate for disinvestment. Hindustan Prefab should also be closed down.

22. The Commission has not been able to study DDA and there is need for a study to determine its future role and the required staff strength. DDA should also computerize its records.

23. Delhi Urban Arts Commission should shed 11 posts and its work should be reviewed by a Committee. National Capital Regional Planning Board should be downsized. It may have a small cell under a Joint Secretary of the Ministry. Planning Cells in the States may be closed. Building Materials and Technology Promotion Council should be reviewed by SIU. National Institute of Urban Affairs may seek outside projects and meet its own expenditure upto 50 per cent so that it may enjoy greater autonomy.

24. In the Ministry of Urban Development and Poverty Alleviation, it is recommended that the post of Secretary, Department of Urban Employment and Poverty Alleviation may be abolished and the Joint Secretary in that Department may report to Secretary, Urban Development.

25. Consequent to delegation of enhanced powers to DG, CPWD, 20 posts in the Department of Urban Development relating to CPWD may be abolished. Post of FA in the Ministry may be downgraded to Joint Secretary.

26. The post of Economic Adviser and all the support staff in that Division may be abolished.

27. Considering that a large number of cases go for arbitration, it is suggested that a fee may be levied to discourage frivolous or excessive claims. Arbitrators may be appointed from Ministry of Law or some other Department.

28. Public Health Environment and Engineering Organisation may be downsized and the work of urban water supply should be transferred to Department of Drinking Water Supply. SIU may be asked to recommend the staff requirement.

29. Finance Division may shed one desk consequent to creation of a separate FA for CPWD.

30. Posts sanctioned for work relating to Urban Land Ceiling may be abolished. INTACH may be transferred to Department of Culture. Delhi Water Supply and Sewage Undertaking may be transferred to Delhi Government.

1. Introduction

1.1 The Ministry was formed on 13th May 1952 as the Ministry of Works, Housing & Supply. Later, following the formation of a separate Ministry of Supply, it was renamed the Ministry of Works & Housing. In September 1985, the name was changed to Ministry of Urban Development to give greater focus to urban developmental issues. A separate Department of Urban Employment & Poverty Alleviation was formed in March 1995, and the Ministry came to be called as Ministry of Urban Affairs & Employment; consisting of the Department of Urban Development and the Department of Urban Employment & Poverty Alleviation. In April 1999, the two departments were merged and the erstwhile Ministry of Urban Affairs & Employment was renamed as Ministry of Urban Development. Later, in October 1999, the Ministry was bifurcated into two ministries viz.: Ministry of Urban Development and Ministry of Urban Employment and Poverty Alleviation. Subsequently, on 27th May 2000, the two were again brought together and named Ministry of Urban Development and Poverty Alleviation. It has now two departments viz. the Department of Urban Development and the Department of Urban Employment and Poverty Alleviation. The organisational chart of the Ministry is at Annexe I, while the functions allocated to the two departments is at Annexe II.

Department of Urban Development

1.2 The Department of Urban Development deals, interalia, with policy formulation in the areas of urban development, urban water supply and sanitation and urban transport. Though these are state subjects, the Department has been coordinating and monitoring the various activities in these areas. The Department also deals with construction and maintenance of Central Government office and residential buildings (other than those of Defence Forces, Railways and Communications), Central Government land and property. These functions are performed through the CPWD. The administration of the Central Government estates (including Hostels), printing, sales of Central Government publications, and procurement of stationery for Central Government offices also form part of the functions of the Department.

1.3 The organisations functioning under the Department include:

Attached Offices

i) Central Public Works Department;

ii) Directorate of Printing;

iii) Directorate of Estates; and

iv) Land & Development Office.

Subordinate Offices

i) Department of Publication;

ii) Government of India Stationery Office; and

iii) Town and Country Planning Organisation.

Public Sector Undertaking

National Buildings Construction Corporation Ltd.

Statutory & Autonomous Bodies

i) Delhi Development Authority;

ii) Delhi Urban Art Commission;

iii) National Capital Region Planning Board;

iv) National Institute of Urban Affairs; and

v) Rajghat Samadhi Committee.

Department of Urban Employment and Poverty Alleviation

1.4 The Department of Urban Employment and Poverty Alleviation deals interalia, with policy formulation in the areas of urban housing and urban poverty alleviation. These are also state subjects but the Department has been coordinating and monitoring the various activities in these areas.

1.5 The organisations functioning under the Department include:

Attached Office

National Building Organisation.

Public Sector Undertakings

i) Housing and Urban Development Corporation Ltd.; and

ii) Hindustan Prefab Ltd.

Statutory & Autonomous Bodies

i) Building Materials and Technology Promotion Council;

ii) Central Government Employees Welfare Housing Organisation; and

iii) National Cooperative Housing Federation of India.

1.6 The administrative, financial, establishment services are common for both the Departments.

1.7 The staff strength of the Ministry, as on 1.5.2001 is given in the table below:

Group	Sanctioned	In position
A	86	74
B (G)+	40	39
B (N.G)#	92	90
C	182	174
D	121	108
Total	521	485

+G – Gazetted #NG – Non-Gazetted

The total staff strength, including those of the various formations functioning under this Ministry is quite large, being over 67,000.

2. Activities of Department of Urban Development

2.1 The work of the Department is distributed into the following :

1. Delhi Division
2. Printing, Stationery and Publication Division
3. Public Health Engineering Sections

4. Central Public Health & Environmental Engineering Organisation
5. Urban Community Development / Local Self Government Technical Cell
6. Urban Development Division
7. Urban Land Ceiling Unit
8. Urban Transport
9. Works Division

2.2 The Delhi Division deals with the National Capital Region, DDA, General Housing Policy, Master Plans, Zonal Development Plans of Delhi, unauthorised construction and encroachment of public land in Delhi. Printing, Stationery and Publication Division deal with, interalia, Government of India Presses, Department of Publications, Government of India stationery offices, Directorate of Printing, purchase of stores for printing. Central Public Health Engineering & Environment Organisation deals with technical matters relating to urban water supply and sanitation, solid waste management, assistance from international bodies on solid waste management and urban water supply and sanitation, organization of training programmes, conducting research and preparation of manual in the field of public health environment and engineering. Urban Development Division handles matters relating to Centrally Sponsored Urban Development Plan Projects, assistance from international agencies for Urban Development Plan Projects, Town & Country Planning Organisation. The Urban Community Development / Local Self Government Technical Cell deals with establishment matters of National Institute of Urban Affairs, Local Self Government / Municipal matters. The Urban Ceiling Unit deals with matters relating to Urban Land (Ceiling and Regulation) Act, 1976, Delhi Rent Control Act, Delhi Apartment ownership Act, 1946 and matters relating to Delhi Real Estates Developers Regulation Bill. The Urban Transport Division handles urban transport planning, Delhi MRTS project. The Works Division deals with CPWD, its establishment and other matters.

2.3 Department of Urban Development has a budget of around Rs. 1160 crore, a good part of which is earmarked for Centrally Sponsored Plan Projects.

Rs. crore

Major Head	RE 1999-2000			RE 2000-2001			BE 2001-2002		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue	226.59	273.50	500.09	245.82	279.08	524.90	362.30	294.65	656.95
Capital	373.41	66.50	439.91	398.27	64.22	462.49	436.76	63.75	500.51
Total	**600.00**	**340.00**	**940.00**	**644.09**	**343.30**	**987.39**	**799.06**	**358.40**	**1157.46**

Centrally Sponsored Schemes

2.4 A Major activity of the Ministry is the monitoring of the Centrally Sponsored Plan Schemes in the areas of water supply & sanitation, urban development, urban transport, housing and poverty alleviation programmes. This basically involves release of funds to state governments. Inspite of the fact that these schemes have been in operation for long and large amounts have been spent, no evaluation of the impact of the schemes or the delivery system appears to have been made. These schemes are being continued from year to year, the only justification being that the stated objectives are yet to be achieved. One possible reason for not attaining the objectives could be the plethora of schemes and a host of agencies, which makes it difficult at the field level to ensure proper execution. A solution could be that the Ministry identifies 3 or 4 schemes it considers to be of prime importance and transfer the rest to the state governments. States could include them in the state plan proposals. In respect of schemes Ministry proposes to monitor, it may develop an appropriate evaluation mechanism and a MIS (as it has done in the case of water supply and sanitation schemes), which would provide for an appropriate reporting format and disseminate the same to the agencies executing the schemes. Pending that, a monitoring committee may be constituted in the Ministry headed by the Additional Secretary with the Financial Adviser and the Joint Secretary in charge of the scheme as members to periodically monitor implementation using the MIS. It is also suggested that a review of the impact of these schemes may also be carried out by a Committee in time bound manner. Funds can be released to the States as per a fixed schedule, perhaps in two instalments; in June, after the budget is passed and in December after detailed evaluation of the implementation of work done in previous year.

2.5 The various programmes in the areas of water supply and sanitation, urban development and urban transport are discussed below.

Water Supply and Sanitation:

2.6 Urban water supply and sanitation, including solid waste management, falls under States' jurisdiction. It is estimated that 90% of the population in urban areas have access to drinking water and 49% have access to sewerage and sanitation facilities. Most of the schemes of water supply and sanitation are planned, executed and maintained by the State Government Departments / Local Bodies. As will be seen from the details of the expenditure incurred by the Centre & States on water supply and sanitation (Appendix-I), Centre's contribution is quite insignificant. This raises the question as to the role of Central Government in this area. There is not much merit in the Central Government handling schemes in this area, unless it is for a specific purpose of a high priority, where Central intervention is absolutely essential. Viewed this way there is case for discontinuing these schemes at the end of this plan period.

Centrally Sponsored Accelerated Urban Water Supply Programme (AUWSP)

2.7 The major programme handled by the Department is the Accelerated Urban Water Supply Programme. Under the programme, Centre provides funds to the States / Local Bodies for providing drinking water in small towns having population less than 20,000 (1991 census). It was launched in March 1994. The pattern of funding is 50:50 by States and Centre. As of 27-2-2001, Centre has released Rs. 262.06 crore towards the project and States Rs.169.96 crore. The expenditure reported is Rs. 283.07 crore. The provision in the current year's budget is Rs.95 crore.

2.8 Coordination of matters relating to drinking water supply in urban and rural areas is one of the functions entrusted to the Department of Drinking water supply. In practice, however, there seems to have been very little coordination in the efforts of that department and that of the Department of Urban Development.

2.9 Two points merit attention:

1. With a ceiling on 20,000 population prescribed under the scheme, many of the smaller towns covered will be of a size no bigger than a large village.
2. The benefits of the people could be optimized if the water supply programmes for such small towns are drawn up in an integrated manner with those of the adjoining villages as well.

2.10 It is therefore recommended that this scheme for the provision of drinking water in small towns of less than 20,000 be transferred to the department of drinking water supply so as to bring about better coordination.

2.11 It has been highlighted by the National Commission on Urbanisation in its report of August 1988 that there is no long term planning for urban water needs and there is constant paucity of funds. Ministry of Water Resources while evolving basin development plans for major rivers for the purpose of irrigation and hydropower development, considers urban water supply only as a residual item. The Commission, therefore, recommended that unified plans should be drawn up for all water resources and their utilization, both for agriculture and for urban use and that allocation of water resources should be done in an integrated manner treating all uses on equal footing. At the same time, while considering water supply in urban areas it has to be in the overall context of the National Water Policy that is formulated by the Ministry of Water Resources and should also take into account water augmentation plans. A suitable mechanism for consultation and coordination between the Ministry of Water Resources, Department of Urban Development and the Department of Drinking Water Supply, which addresses mainly the issues of providing drinking water supply in rural areas, would therefore need to be put in.

Solid waste management

2.12 In order to avoid bird hits, which are posing major problems at airports, an Inter Ministerial Joint Sub-Committee was constituted by the Ministry of Defence in February 1989, which recommended measures for cleaning up the areas around airfields. The Department provides financial assistance to State Government / Urban Local Bodies to the extent of 100% to meet the capital cost and also operation and maintenance cost for a period of 5 years. Thereafter, the concerned local bodies are to take over.

2.13 In accordance with the recommendations made by the Committee set up by the Supreme Court of India for solid waste management, a Technology Advisory Group was set up in August, 1999 under the Chairmanship of Adviser (PHEE), Central Public Health and Environmental Engineering Organisation of the Department for collecting information on proven technologies and for providing technical advise to local bodies etc. The Scheme is yet to take shape.

Urban Development

2.14 There are two Centrally Sponsored Schemes viz. Integrated Development of Small and Medium Towns (IDSMT) and Centrally sponsored Scheme for Infrastructure Development in Mega Cities. There are externally aided projects funded by World Bank, ADB, WHO and USAID handled by the Department.

(i) **Integrated Development of Small and Medium Towns (IDSMT)**

2.15 This Scheme was initiated during the Sixth Plan (1979-80) and has been in operation since then. It aims at improvement of infrastructure in selected towns with growth potential so that these could emerge as regional centres of economic growth and employment, thus reducing the pressure on urban centres. The scheme covers towns having population up to 5 lakhs and finances works relating to strengthening/upgradation of master plan roads, street lighting, cleaning up of drains, sites, markets and development of bus/truck terminals, shopping complexes, tourist parks. The cost is met by Centre, States and Financial Institutions. The Central assistance provided under the scheme from 1979-80 amounted to Rs.389 crore (as on 2nd November 2000) covering around 1005 towns, while the States released Rs. 262 crore and the Financial Institutions released Rs. 62 crore. It has been reported that Rs.629 crore has been spent under various projects so far.

(ii) Centrally sponsored Scheme for Infrastructure Development in Mega Cities

2.16 This scheme was initiated in 1993-94. It covers Mumbai, Kolkata, Chennai, Bangalore and Hyderabad. Nodal agencies have been identified in these cities and funds are made available to them by the Centre and State Governments through loans and grants such that 75% of the Central and State finances are recovered back into a Revolving Fund placed at the disposal of the nodal agencies for maintenance and development of infrastructural assets on a permanent basis.
The details of the progress achieved up to the end of December 2000 is set out below:

Rs. in crore

No. of Projects approved	Projects completed	Centre share	State share	Institutional Finance	Total funds	Expenditure incurred
389	94	578	653	923	2154	1288

2.17 The investments made by the States and Centre on urban development may be seen from Appendix-2. The funds made available are too meagre to make an impact and would need substantial augmentation. An estimate suggests that urban infrastructure alone would need a sum of Rs.2,50,000 crore in the next ten years and only ten percent of this may be available from Government sources.

Urban Transport

2.18 The Department of Urban Development has been functioning as the nodal Department for planning and coordination of matters relating to urban transport. However, Ministry of Road Transport & Highways deals with road transport and the Ministry of Railways deal with rail transport. As an incentive, Department provides a subsidy equivalent to 40% of the total cost of the feasibility studies on urban transport systems. So far, feasibility studies for improvement of traffic and transportation at Delhi, Kolkota, Chennai, Hyderabad, Bangalore, Jaipur, Ahmedabad, NOIDA, Jammu, Cuttack, Bhubaneshwar, Shimla, Lucknow-Kanpur and Lucknow corridor have been completed. Feasibility studies for integrated mass transport in Agra city and Agra-Mathura-Firozabad-Fatehpur Sikri-Taj-Trapezium have also been completed. Feasibility study for comprehensive traffic and transportation plan for Kochi, Thiruvananthapuram, Bhopal, Indore, Gwalior urban areas are in the pipeline.

2.19 The major project under implementation is Delhi Metro Rail Transport System (MRTS). The project is being implemented through a joint venture company viz. Delhi Metro Rail Corporation Ltd. with equal equity by Government of India and Government of National Capital Territory of Delhi. Till 31.12.2000, 10.7% of the physical target has been achieved and by March 2005, the project is expected to be completed.

2.20 The other two projects being taken up are the rail transport systems in Bangalore and Hyderabad for suburban commuters. These are still in the initial stages.

3. Activities of Department of Urban Employment and Poverty Alleviation

3.1 The main activities of the Department are in the areas of housing and urban poverty alleviation programmes. These are State subjects. The Department formulates policy guidelines and provides financial support through centrally sponsored plan schemes. The budget of the Department is as below:

Rs. crore

Major Head	RE 1999-2000			RE 2000-2001			BE 2001-2002		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue	336.70	178.35	515.05	113.00	7.55	120.55	206.00	7.27	213.27
Capital	33.30	5.00	38.30	159.00	10.00	169.00	174.00	10.00	184.00
Total	**370.00**	**183.35**	**553.35**	**272.00**	**17.55**	**289.55**	**380.00**	**17.27**	**397.27**

Housing

National Housing and Habitat Policy, 1998

3.2 The National Housing and Habitat policy, evolved in 1988, was reviewed and a revised policy was formulated in 1998 to address the issues of sustainable infrastructure development and building a strong public-private partnership. Reviewing the housing scenario, the Policy notes,

i) The housing shortage in the country is estimated at 22.90 million units (1991 Census) of which, more than 90% of shortage is for the poor and the low-income category. This deficit, along with the needs of housing during the Ninth Plan, would need an investment of Rs.1,51,000 crore. It has been estimated that not more than 25% of this will flow from banks, financial institutions, Central and State governments. The bulk of the growth in housing is expected from the informal and household sectors. It notes that no housing policy can make any significant headway without massive participation of the private sector. This has not been forthcoming in the past and hence the galloping deficit in housing stock.

ii) The Government through the National Agenda declared Housing for All as a priority area and has decided to focus on the housing needs of citizens in general and that of the poor and the deprived in particular. Towards this end, the Agenda sets a target of construction of 2 million houses every year with emphasis on the poor and deprived.

iii) The National Agenda also emphasizes that housing activity would be an engine for substantial generation of employment in the country. The economy can only be revived by vigorous housing activity spread throughout the length and breadth of the country. To this end, all legal and administrative impediments that stand in the way should be removed forthwith.

- Building upon past experience, the Policy calls for creating a strong Public-Private partnership for tackling the housing and habitat issues. In this joint partnership, the Government would provide fiscal concessions, carry out legal and regulatory reforms and create an enabling environment and the private sector as the other partner would be encouraged to take up land acquisition, housing construction and invest in infrastructure services.

Housing projects

3.3 Department is involved in formulating the broad policy framework for housing sector and monitoring the implementation of the social housing schemes, particularly for the weaker section of the society. To promote private housing, the Government has provided various fiscal concessions to the housing sector in recent years. A major project of the Department is the Night Shelter Scheme. The details are discussed below.

Night shelter and sanitation facility for urban footpath dwellers

3.4 This is a centrally sponsored plan scheme to provide night shelters and sanitation facilities to footpath dwellers in urban areas. The scheme is being implemented through HUDCO. Centre provides 20% subsidy and the rest of the contribution is to come from the implementing agency or through loans from HUDCO. As of 12-2-2001, HUDCO has sanctioned loans amounting to Rs.41.99 crore, with Government subsidy of Rs.40.10 crore for 104 schemes to provide 18,217 beds, 25,383 pay and use toilet seats, 1,874 baths and 1,882 urinals. Over four lakh footpath dwellers appear to have benefited from the scheme. The scheme should be reviewed to ensure that it has made the desired impact and that the costs are not disproportionately high, and whether the scheme needs to be continued.

Building Centres

3.5 A Centrally Sponsored Scheme of establishing a national network of Nirman or Nirmithi Kendras (Building Centres) was launched in 1998 to train artisans and others on transfer of appropriate technology in low cost construction.

Under the Scheme, Centre provides a grant of Rs. 3 to 5 lakhs in each case depending on the level of activity being undertaken. In addition, HUDCO provides loan of upto Rs. 22 lakhs. As on 18-2-2001, 583 centres have been sanctioned, of which 433 have become functional. Grants to the extent of Rs. 14.58 crore has been released so far. These Centres are estimated to have trained over two lakh construction workers. This scheme needs to be reviewed to determine its impact. The formulation and implementation of the scheme could well be transferred to the States, with the Centre merely providing the funds on an agreed basis.

International Assistance

3.6 There are various externally funded projects in the Housing sector from the World Bank, ADB and WHO for which the Department is the nodal agency. Over the years, most of the states have developed expertise in the field and have been implementing internationally aided projects. Except for initial clearance, it does not appear that the Department should get involved. It should be left to the states to take up such projects directly with the Ministry of Finance.

Poverty Alleviation Programme

Evolution of poverty alleviation programmes

3.7 The origin of Urban Poverty Alleviation initiatives can be traced to the Community Development Programme, which began in the early 1950's. The first formal attempt to experiment with the community development approach in cities was the Urban Community Development (UCD) pilot project, which was started in 1958 and followed by a series of UCD pilot projects, based on an area-oriented approach. Subsequently, Environmental Improvement of Urban Slums (EIUS) was identified as a basic need of slum population in the Fifth Five Year Plan and consequently, the Scheme of EIUS was started in 1972 at a Central level to provide basic physical facilities to urban poor like safe drinking water, sewerage, storm water drains, community baths and latrines, street lighting etc. This Scheme was later transferred to State Governments in 1974.

3.8 In the Seventh Five-Year Plan conscious attempt was made to address urban poverty issues directly. In 1981-84, Government of India decided to implement the programme of Urban Basic Services (UBS) in 42 towns which was subsequently extended, with collaboration of the UNICEF, to 168 towns. The UBS aimed at catering to the basic physical and social needs of the urban poor with a view to improving their living conditions.

3.9 Subsequently, as a follow up of the recommendations made by the National Commission on Urbanisation (NCU), a major comprehensive programme addressing the issues of growing incidence of poverty in urban areas, was started in 1989, when the Government of India adopted a four pronged strategy comprising (a) employment creation for low income communities through promotion of micro enterprises and public works; (b) housing and shelter upgradation; (c) social development planning with special focus on development of children and women; and (d) environmental upgradation of slums. Based on the above mentioned strategy, two schemes were launched for the betterment of urban poor, namely, (i) the Nehru Rozgar Yojna (NRY) launched in 1989; to cater to the economic needs of the urban poor by providing them employment opportunities through skill upgradation and assistance for setting up their own micro enterprises; and (ii) the Urban Basic Services for the Poor (UBSP) which was a modified UBS Programme, started in 1990. The UBSP Programme envisaged fostering community structures comprising urban poor for ensuring their effective participation in development activities.

3.10 Later, the Prime Minister's Integrated Urban Poverty Eradication Programme for improving the quality of life of urban poor by creating a facilitating environment for them through community based planning and implementation was launched in 1995, the objective of the scheme being effective achievement of social sector goals, community empowerment, employment generation and environmental improvement. The programme was made applicable to 345 Class II towns and 79 specifically identified district headquarters and hill areas.

3.11 However, the low allocations resulted in these programmes receiving low priority both in the State Governments as well as with the Urban Local Bodies.

3.12 A working Group on Urban Poverty set up by the Planning Commission in 1995, has examined the various aspects of the existing schemes and made recommendations for their improvement. The working Group felt that a single programme (umbrella programme) must be introduced combining the basic features of the existing schemes while making suitable modifications to minimize existing weaknesses. Consequently, a new scheme called Swarna Jayanty Shahari Rozgar Yojana was designed.

Swarna Jayanty Shahari Rozgar Yojana

3.13 This programme, designed to replace the UBSP, NRY and PMIUPEP, was launched on 5th August 1997. It consists of three sub-schemes, namely, (i) Urban Self-Employment Programme (USEP); (ii) Urban Wage Employment Programme (UWEP); and (iii) Community structure Component. The USEP applies to all urban areas irrespective of the size whereas the UWEP applies to urban areas the population of which as per the 1991 census was less than 5 lakhs. Both are founded on the UBSP approach and the Community Development Societies are expected to play a major role in the implementation of the Programme. The urban Self-employment Programme provides assistance to individual beneficiaries or group of urban poor women for setting up self-employment ventures. Under the Urban Wage Employment Programme beneficiaries living below the poverty line are given employment for construction of socially and economically useful public assets. For strengthening community structures, training is imparted to elected representatives, functionaries of urban local bodies, field functionaries like project officers, community organizers etc. through National Training Institutes and other Training Institutes. The programme is funded on a 75:25 basis between Centre and States.

3.14 The expenditure incurred on the above programmes is given below:

(A) Urban Self-Employment Programme (USEP)

	1997-98	1998-99	1999-2000	2000-2001 (Upto 31.12.2000)
Release of funds *	6,241	8,262	5,023	1,611
Expenditure incurred *	416	2,092	7,735	6,532
Number of beneficiaries	10,382	42,643	1,35,185	78,824

* Figures in Lakhs.

(B) Urban Wage Employment Programme (UWEP)

	1997-98	1998-99	1999-2000	2000-2001 (Upto 31.12.2000)
Release of funds*	3,018	4,875	5,157	1,041
Expenditure incurred*	631	8,226	17,781	1,0378
Number of man-days of work generated*	51.10	65.88	101.39	138.02

* Figures in Lakhs

(C) Community Structure (CS)**

	1997-98	1998-99	1999-2000	2000-2001 (Upto 31.12.2000)
Release of funds*	603	2,710	1,697	453
Expenditure incurred*	1,046	1,054	990	133
Number of beneficiaries	106.38	195.02	254.06	279.24

* Figures in lakhs.

** Community Structure is a continuing process and the number of beneficiaries shown is cumulative.

3.15 The analysis relating to the Attached Offices, Subordinate Offices, Public Sector Undertakings, Statutory and Autonomous Bodies is presented in the subsequent pages.

4. Central Public Works Department (CPWD)

4.1 CPWD is an attached office of the Department of Urban Development. Its origin can be traced back to 1863. However, it was formally created in its present form in 1930. It handles the works relating to construction and maintenance of Government office buildings and residential accommodations, border fencing, road projects, flood lighting works, construction of hospitals, bridges, airports etc. It has a total staff of 46,232 of which 5813 are Civil Engineers, 2255 Electrical and Mechanical Engineers, 521 Architects and 185 Horticulturists. The Director

General is the head of the organisation. With headquarters at Delhi, it has field units all over India, its jurisdiction being divided into seven regions, each headed by an Additional Director General. It has various projects in pipeline consisting of construction/maintenance of office buildings, hospitals etc.

4.2 Its strengths have been its ability to undertake construction works in difficult terrain, vast and competent engineering talent, countrywide presence and established systems and procedures. Its weaknesses have been its low growth rate, shrinking customer base, low employee morale, time and cost over runs and poor public image. To suggest improving its effectiveness, CPWD had engaged the Management Development Institute, Gurgaon to undertake a management study of its internal systems and processes. The Institute has since submitted its proposals, which are under the consideration of CPWD and the Department of Urban Development. It has suggested, inter alia, changes in the areas of organizational structure, project management, contract management, strengthening of human resources management and new technology adoption.

4.3 In a competitive environment developing in the country, time of delivery and cost of service are going to be of paramount importance. Whereas the MDI report speaks of shrinking customer base it has not identified the inefficiencies, which lead to delays and other factors that contribute to what it calls "eroding public image". The study does not also suggest any measures to reduce the costs. CPWD is abundantly capable of fulfilling its mandate, but will need to re-structure itself and shake off time-consuming procedures. It will also need more autonomy and flexibility in its working to increase organizational efficiency.

Reorganization of the top set up of CPWD

4.4 A number of Committees/Study Groups, from 1968 onwards have recommended re-organizing the top set up of CPWD into a Central Public works Board so that both responsibility and authority vest in the Head of the Department. The present arrangement leads to unavoidable duplication of work and delays. Government have not accepted the recommendation to set up a CPW Board. However, to overcome the problems, a Management Committee was constituted in 1978, reconstituted in 1988 and again in 1991. The Committee held meetings up to February 1992 but never met thereafter. This Committee was set up to quicken the pace of decision making in respect of issues concerning CPWD, instead of routing files in different sections of the Ministry in normal way which took long time. While, this Committee has been re-constituted once again in February 2001, it does not appear to be functioning the way it was intended.

4.5 Considering that this is a large organization with a total staff strength over 46,000, it would help to reduce the red tape and speed up processing of proposals, if in areas of work "internal" to CPWD in financial, administrative and personnel matters, substantial powers are delegated to the DG, CPWD, with suitable sub delegation down the line. In all these matters this office could be put on a single file system with the ministry, with the DG reporting directly to the Secretary. As already recommended by the Expenditure Reforms Commission in the case of DGS&D, only larger issues like promotions to the level of ADGs and DGs, their transfers, postings, disciplinary and vigilance cases and all those cases where government approval is necessary would need to be separately processed in the ministry. It is therefore recommended that that the ministry should quickly in consultation with the Department of Expenditure, Department of Personnel and the DG, CPWD work out the modalities of such substantially increased delegation of powers to the DG, CPWD within a period of three months so that these can be made operational by 1.1.2002 or 1.2.2001at the latest. One post of Financial Adviser in the rank of Joint Secretary, could be created in CPWD with matching savings being provided by surrender of the equivalent level posts in CPWD. If this appointment could be made straightway, then this officer could within next three months work out and put in place necessary finance and accounting systems in the organization. The aspects mentioned in para 4.12 would need to be taken into account in this regard. DG may be assisted by a few ADGs in matters relating to works, personnel management and administration, Architecture, Standardization, Quality Control, Horticulture, etc. The DG, assisted by this team of ADGs and the Financial Adviser, would then be fully equipped to handle the increased delegation of powers.

4.6 The span of control norm of 3:1 that prevails all along the line, has been extended to the level of ADGs also when that level was created. Consequently, there is now one post of ADG for every three posts of Chief Engineers. Apart from the fact that the norm itself requires revision, taking into account the enormous strides in the communication facilities, in terms of personal transport as well as IT facilities, the induction of the post of ADG for supervising the work of the Chief Engineers in the field leads to undermining the role of the Chief Engineers considerably. All along the Chief Engineer, even as the name implies, was considered lynch pin in the chain. This position should not be devalued. Thus, while there could be a case of appointment of some ADGs in the headquarters to support the DG, the appointment of such ADGs in the fields should be discontinued. At present, there is one ADG for each of the three regions, South, East and West and four for the Northern Region and one for border and another for training. All these posts intended for supervising the work of CE's should be abolished. It can be argued that the creation of so many posts of ADGs has been necessitated because of cadre management issues. Even so such cadre pressures should not be allowed to disrupt the normal hierarchical functioning in any organization. The same argument can be advanced in practically every other cadre. The solution to the cadre problems would have to be found without adding to the levels in the hierarchy. This is important considering that there is in fact a need for a reduction in levels for the reasons stated earlier.

Coordination at Zone level

4.7 CPWD is a service department and is the principal civil construction agency of Government of India for construction and maintenance of Government assets. It executes projects on turnkey basis from concept to completion including providing all services related to Civil, Architecture, Electrical and Horticulture services. Normally the Chief Engineer in-charge of the zone is accountable to the clients for execution of works. However, in the existing arrangement, officers of each discipline look after the works pertaining to their disciplines and no single officer is accountable for the complete job. Superintending Engineer (civil) and

Superintending Engineer (Elect.) are senior field functionaries whereas Senior Architect is responsible for coordination of pre-construction activities. However, only the Superintending Engineer (Civil) reports to the Zonal Chief Engineer and Superintending Engineer (Elect.) and Senior Architect who are also considered part of the zone do not report to Zonal Chief Engineer.

4.8 It is likewise necessary to put in place arrangements for securing complete coordination of works at the level of zonal Chief Engineer to bring efficiency in the systems and reduce time overruns and cost overruns with clearly defined accountability. For timely execution of the project, within a stipulated cost and having desired quality, it is necessary to integrate the working of all the disciplines viz. Civil, Electrical, Architecture and Horticulture at Zone level to have a unified system of working. For this, it is necessary that SE (Civil), SE(Elec.) and Senior Architect are kept under the administrative control of Chief Engineer of the zone and their Confidential Reports are written by the Zonal Chief Engineer. This system was already existing up to early 90s. There should be no need to have separate CEs (Electrical). Instead, the posts of CEs should be available for being filled up from both civil and electrical engineers cadres in the ratio of their cadre strength.

4.9 There are today too many levels in the hierarchy, which also contributes to delay. CPWD is organized in Divisions, each headed by an Executive Engineer. Below an EE, there are AEs, and below that there are JEs. After the 5th Pay Commission, a JE draws pay equal to an AE after 12 years of service and equal to that of an EE after completion of 24 years of service. It is ascertained that about 25 per cent of the JEs are drawing pay of Executive Engineers and 50% are drawing pay of Assistant Engineers. It is recommended that JEs should be given higher responsibility commensurate with pay levels and accordingly the functioning of the JEs and AEs on the Civil and Electrical side and Sectional Officers and ADs on the Horticulture side should be integrated. This would mean that all JEs and AEs would report directly to EEs, and in the Horticulture Wing SOs and ADs will both report directly to the Divisional Officer. This will reduce one level of working and reporting, expedite the decision-making and execution of works. This will also result in the reduction of a large number of posts at the JE as well AE level. A fresh assessment of the requirement of numbers in each of the above two grades should be made, pending which vacancies occurring in both grades should be frozen.

4.10 Likewise the hierarchical chain of EE-SE-CE-ADG is also too long. In certain segments of the work an EE could report directly to the CE. In other segments, particularly in projects, a SE should be made in charge of the work directly. This aspect of doing away one level would need to be examined by a group of experts in a time bound manner. This study could also review the norms for creating the charges for an EE, SE and CE. The study may also review the norms prevailing in other offices of the Department. CPWD may seriously consider outsourcing jobs both on construction and maintenance side. To the extent an increasing proportion of work is outsourced, there would a reduction at the support staff level and in work charged establishment. In the process, the requirement would go down at the supervisory level also. This aspect should be kept in view while reviewing norms.

4.11 The total volume of work handled by CPWD is currently around Rs.2200/- crores. Of this around Rs.1600 crores represents project work, the execution of which is contracted out, with CPWD doing the entire original work like preparation of estimates, drawings and designs, architecture etc. and also undertaking full supervision of the work done by the contractors. There is a result no work-charged establishment in this area of work. However, in regard to the balance of Rs.600 crores of work which relates to maintenance, as much as 75% is handled in-house with only 25% being contracted out. As a result there is a large complement of 24,000 work charged staff. CPWD should seek to increase the proportion of work contracted out to 80% or 90% over next 10 years, limiting in-house maintenance work only to certain sensitive buildings. This way the work charged establishment strength can be brought down considerably over this 10 year period.

Need for improving productivity

4.11 It is understood that some private construction agencies work on a norms of Rs.5 lakh per man month. Compared to this, CPWD is able to achieve only Rs.0.552 lakh per man month. Admittedly, there is vast difference in the decision-making and other procedures between a government and a private organization. Yet, the difference is too wide for comfort. Pending a redetermination of the norms, on the basis of a detailed study, CPWD should be required to take action to improve the norms on an ad hoc basis, say to atleast Rs. 1 lakh over four years. This will call for an increase of 20% per annum in productivity and can not be considered to be too high.

4.12 The budgetary control over the works programme seems to be rather weak. There is therefore need for re-designing the accounting system and also to introduce computer based accounting. A system for appropriate budgetary control is also required to be put in place. It is suggested that a committee may be set up to suggest the changes needed in this regard, as also the skills needed for maintaining the system in a period of three months. A time bound plan for implementation may be prepared. After the system has been introduced, assessment of staff requirement should be made by SIU.

4.13 CPWD continues to handle the work of the government of Delhi. Now since Delhi has an Assembly and fullfledged Government, it would be appropriate to transfer the responsibility for civil works to that government. To begin with, the administrative control may be transferred to that government.

Computerization

4.14 CPWD has prepared a perspective plan for computerization in the Department. This has been approved in principle by the Ministry. Pace of computerization work needs to be speeded up and completed in a specific time frame. Appropriate financial support may be provided for this. There are large number of areas where computerization can lead to greater efficiency, for example, in the following areas:

- Day to day administration
- Personnel management
- Contractors' billing & checking
- Complete accounting
- Architectural, Structural and Services designing
- Preparation of drawings for above designs
- Communication and Information system

4.15 After the computerization has taken roots, a work study may be undertaken to re-determine the staff strength actually required.

Work-charged staff

4.16 This staff has been treated like regular staff as far as regulation of their pay is concerned and they also draw pension. All recommendations of Pay Commission are applicable to them. However, as regards their shop level management is concerned, they are being treated as industrial staff. They are being paid over time at double the rates. Their disputes are settled through Labour Commissioners. This practice of extending to these work-charged staff the best of both systems should be put an end to. The Ministry should quickly examine this question within three months in consultation with Ministry of Law, Department of Personnel and Department of Expenditure and take decisions to bring all these staff under one or other of the two categories. Action should be taken to review the number of posts of all work charged staff after rationalizing the maintenance work and resorting to farming out of work wherever possible. Possibly, over 3000 posts of work charged staff can be reduced this way.

Maintenance of Electrical operations

4.17 It is noticed that large number of work-charged staff are deployed on round the clock maintenance of equipment like Generators, AC Plants, Lifts, and Pumps. Such work charged staff are also employed on maintenance of streetlights in colonies and corridor lighting in office buildings and common residential buildings. More and more automation should be introduced and the residents welfare associations should be involved in maintenance of pumps and generators. Engaging of separate work charged staff for these purposes should be brought down substantially over the next three years.

<u>Reduction of Staff in other areas</u>

Draftsmen (Civil and Electrical)

4.18 There is sanctioned strength of 1275 draftsmen grade I II and III in civil and electrical categories. Computerization of drawing work may be completed in six months. This will reduce the requirement of staff and 600 posts could be reduced.

The sanctioned strength of Asst. (AD) is 305. This category is deployed on making Architectural drawings based on the design evolved by architects. The output of this category is very low; at 1.5 drawings per person per month against the expected output of 10 drawings per person per month. The staff is under utilized. With proposed computerization, which may be completed in the next six months, the output can be increased considerably which will save the requirement of staff. It is recommended that atleast 200 posts should be reduced.

Ministerial Staff

4.19 Sanctioned strength of Ministerial Staff i.e., LDC UDC, Head Clerk, Stenographers and Peons/Daftries etc. is very large, nearly 11,000. These staff requirements needs to be re-determined in the light of the recommendations in the foregoing paras. This task needs to be taken up and completed in a time-bound manner.

Surplus staff and new requirements

4.20 In the above paragraphs the Commission has recommended major downsizing of CPWD. This will render some staff surplus at various levels, which may be declared “surplus”. At the same time there may be need for some staff with new skills. To meet this requirement effort may be made to re-train surplus staff before opting for fresh recruitment.

Directorate of Horticulture

4.21 With greater emphasis on improving the environment by planting trees and creating and maintaining green areas, there is need for Horticulture Directorate to pay greater attention to these concerns. This Directorate should also improve its productivity. It should also evaluate the option of getting work done on contract basis for greater cost effectiveness. The Director may be given separate budget, and, further delegation, to enable him to make better use of resources. A review of the Directorate's work may be carried out after a year to assess gains in productivity. The work of maintaining the lawns on Rajpath and C Hexagon has since been transferred. Hitherto 100 malis were engaged on the maintenance of these 75 acres of lawns. These 100 posts should be abolished forthwith.

General

4.22 With the above changes, it is expected that CPWD will become a streamlined and efficient organization and should be able to remain competitive. With a view to further promoting the Department's efficient functioning, the Department may, in future, be asked to make a bid for all projects and establish its competitive edge by winning contracts while competing with other engineering organizations. This will also help all Ministries/Departments to seek to maximize both area and quality of the buildings they need, within the given budget allocation.

5. Directorate of Printing

5.1 The Directorate of Printing is an attached office of the Department of Urban Development. It undertakes printing jobs for all Ministries/Departments including printing of publications and forms. It has under it 21 Government of India Presses including 3 Text Book Presses, 1 outside printing private unit and a Forms Store. As of 31.12.2000, it had a staff strength of 9322 of which 29 were Group A, 73 Group B (Gazetted), 81 Group B (non-Gazetted), 7481 Group C and 1658 Group D. The annual expenditure of the Directorate is around Rs.131 crore, of which Rs.96 crore is on Presses.

5.2 In 1997, a decision was taken to close down the Forms Store and outside printing unit. It was also decided that the 3 Text Book Presses at Bhubaneshwar, Mysore and Chandigarh should be handed over to the respective State

Governments. The Nasik Government of India Press was to be handed over to Department of Economic Affairs and the Patent Printing Press at Mumbai to Department of Industrial Policy and Promotion. However, this could not materialise as the concerned agencies were not willing to take over the Presses. The lack of modernization of equipments, excess manpower, shortage of power (load shedding) has made the Presses non-viable. The overall percentage of utilization during 1999-2000 was around 45%. The details of the capacity utilisation in Government of India presses from 1997-98 till January, 2001 is given in Annexe-4.

5.3 The Department has a proposal to merge the Presses at Wellington with Coimbatore, Mumbai with Nasik, Minto Road Letter Press with Offset Press and Santragachi Publications unit with Forms unit Presses. These mergers should be implemented forthwith. This will reduce the number of Presses by four. Besides, it seems there is some progress on handing over the three text book presses (Mysore, Bhubaneshwar and Chandigarh) to State Governments. This matter needs to be pursued vigorously. The work of the outside printing unit in Kolkata also needs to be merged with another existing unit in the city.

5.4 Printing is not a core function of the Ministry of Urban Development. Of the remaining presses, the possibility of the presses engaged on the work of Department of Posts being transferred to that Department needs to be explored. Department of Urban Development needs to retain only the presses which cater to the work relating to Budget, Gazette, Parliament and Rashtrapati Bhavan. The presses engaged on this work should all be modernized. The remaining presses should be sold on as is where is basis. The presses at Shimla and Gangtok should be closed down. The modernized presses may need persons with new skills and attempt should be made to retrain the surplus personnel, and fresh recruitment of persons for operating the new machines should be allowed only as a last resort.

5.5 The Department has 8594 filled up posts at present against the sanction of of 12,764. In view of the recommendations for merger/abolition set out earlier, the staff strength required would come down drastically. The vacant posts (4170) should therefore be abolished forthwith. The 595 vacancies likely to arise during the current year should also be abolished. A further 1656 posts will fall vacant by the year 2005. These should be abolished.

5.6 Forms Store at Kolkata needs to be closed down. After printing, the forms could be sent to respective departments directly from the presses.

5.7 Government of India Presses are following an outdated cost accounting system, which does not allow timely billing for realizing printing charges from indenting Departments. Provisional bills are initially raised. After the Proforma Accounts are finalized, final bills are raised after a delay of three years. Public Accounts Committee (5th Lok Sabha) had recommended switching over to commercial system of accounting from 1.4.1983 but this has not been implemented. More recently, an assurance has been given to the Standing Committee of Parliament that computer based commercial accounting system will be introduced on an experimental basis at Nasik and Coimbatore. Some staff have been trained but the work has not started.

5.8 It is recommended that a professional group may be hired to set up a computer based commercial accounting system on a time bound basis at Nasik and Coimbatore. Once this settles down, the system may be introduced in all the Presses, irrespective of the fact that some of these may be amalgamated with others or even be closed down or sold in future.

5.9 The Department has a plan to set up a training institute at Shimla. As there are, at present, seven presses in Delhi and neighbourhood (Aligarh, Nilokheri, Faridabad), Shimla is not the appropriate location for a training institute. In any case, if eventually only the presses required for the work relating to Budget, Gazette, Parliament and Rashtrapati Bhavan are to be retained, there will be no case for setting up a training institute. The proposal for setting up a training institute therefore needs to be closed.

5.10 As the capacity utilization in the presses is only 45 percent, the Department should actively seek orders from outside and thus endeavour to improve the capacity utilization.

6. Directorate of Estates

6.1 It is an attached office of the Department entrusted with the task of administration of Government Estates (residential and office accommodation), administration of holiday homes/Government hostels, market shops in Government colonies and accommodation in Vigyan Bhavan. The headquarters is at New Delhi and it has eight regional offices at Mumbai, Kolkata, Chennai, Shimla, Chandigarh, Ghaziabad, Faridabad and Nagpur. These regional offices are headed by Estate Officers / Assistant Estate Officers. The Directorate manages about 64,040 residential units and 3405 hostel units in New Delhi, apart from hostel units at Mumbai, Kolkata, Chennai, holiday homes at Shimla, Kanyakumari, Amarkantak and Mysore and also 1,74,97,816 sq.ft. of office accommodation at various places, The allotment of residential accommodation is governed by the Allotment of Government Residences (General Pool in Delhi) Rules, 1963 and executive instructions issued there under. As of 31st December, 2000, there were 769 staff comprising 22 Group A, 32 Group B (Gazetted), 74 Group B (Non-Gazetted), 431 Group C and 210 Group D. Computerisation of data relating to accommodation has been finalised and the details are available on the web site of the Directorate.

6.2 The work of the Directorate can become simpler and the number of complaints and also the enquiries can be reduced if transparency is introduced in its operations. For example, if seniority list of applicants in a month, names of persons who have been allotted during the month, and the updated seniority list in the following month is made available on computer network, anyone can find out the facts without even going to the Estates Office. This information can be put on the computer network for the general pool and also for each of the sub-pools.

6.3 The other area of work requiring urgent attention is the posting of recoveries of rent. It seems that this work is in arrears since 1992. This can be addressed separately for the past period by asking the employing Departments the details of recoveries made and on that basis settling matters in respect of all the employees who have continued in the same organization. Only in respect of a small number of employees who may have moved among different offices/departments, there will be need for closer scrutiny. In future, it should be arranged that all paying offices should send the floppies to the Directorate of Estates from which the posting of recoveries could be done directly through the computer system instead of manual posting as is being done at present. Once this system is set up, there will be a drastic reduction in the staff strength requirement for this work. The SIU should therefore be required to study this organization after two years and re-determine the staff strength required.

6.4 At present, a “no dues certificate” is required before retiring employees can be given the pension payment order. It should be the responsibility of the Directorate of Estates to ensure timely recovery of dues through the employing offices. Action for recovery of amounts due in any one year should be taken by the Directorate of Estates immediately after the close of the year through the employing office. This way when an officials retire at best there could only be dues relating to the last year of service. In such cases the pension payment order to the officer could be released on getting an indemnity bond from the retiring officer of the rental due in the last year of service only. The Directorate of Estates could be further required to complete action for recovery of dues if any within a period of 90 days. This way the indemnity bond could be automatically cancelled at the end of three months after retirement or vacation of government accommodation whichever is later. Such an arrangement will lead to a drastic reduction in the unnecessary inconvenience now being caused to retiring employees.

Entitlement of office accommodation

6.5 The revised guidelines regarding entitlement of office accommodation is contained in O.M. No.11015/1/98-Pol.I dated 7.8.1998. As per O.M., the entitlement of office space for officers drawing pay of Rs.15,200 and above (revised pay 5th Pay Commission scale) is 240 Sq. ft. However, there is widespread violation of the guidelines by senior officers in all departments who occupy space many times this entitlement. Secretaries generally occupy four bay rooms, Joint Secretaries three bays and heads of attached and subordinate offices three or four bays. The Directorate of Estates, which lays down the policy and implements it, has failed to take action. In the Ministry itself it is noticed that the guidelines are not followed. The existing norms were framed at a time the facility of air conditioners was not common. Now, all the senior officers have the facility. The irony is that today Director of Estates gives “no objection” for renting private accommodation on the plea of shortage of office accommodation. This need will not arise at all, if the norms are strictly enforced. This would not only provide valuable space but also reduce related costs such as on electricity and furnishing.

6.6 Director of Estates also allots office accommodation in Vigyan Bhavan Annexe. It is meant for temporary offices like Commissions/Committees appointed for short and fixed tenure. However presently, it is noticed that full-fledged Departments continue to function in the complex e.g. Department of Culture, Inter-State Council, Doordarshan, Ministry of External Affairs (MER Division) etc. In the case of Doordarshan, they now have their own building. Director of Estates should therefore take action to pursuade these departments to move their offices from Vigyan Bhavan to their respective ministry buildings.

6.7 A work study may be carried out by SIU after six months (by which time the computerization should be in place) to determine the number of persons required in this organization.

6.8 It is also recommended that-

(a) All market shops be transferred to the respective MCD/NDMC or sold by auction with the first right to present occupier.

(b) All holiday homes be handed over to Tourist corporations of respective States, with the condition that Central Government employees will be provided for on a priority basis and the rent charged will be at concessional rates to be fixed in consultation with Directorate of Estates.

(c) Rents for all Government accommodation be standardized and revised upward every 5 years keeping in view the recommendation of the Fifth Central Pay Commission. This will simplify the calculations.

(d) Earmarking of houses for top functionaries of the Government be done. This will save the cost of putting up security structures and later dismantling them. Also, due to communication requirements a lot of expenses are incurred in a new location.

7. Land & Development Office (L&DO)

7.1 With the decision to form the Capital at Delhi, the Lieutenant Governor of Punjab in his notification ordered the Collector of Delhi District to acquire land for the New Capital of India. After the land was acquired "Imperial Delhi Estate" was created by a notification issued by the Chief Commissioner, Delhi. The Land and Development work was then done by an Executive Engineer of PWD, known as Land and Development Officer in the Chief Engineer's office. The Land and Development Officer was formally charged with the land record work and administration on behalf of Government of Raisina Estate. The work was transferred under the direct control of the Chief Commissioner, Delhi with effect from 1st March 1928. Thus in 1928, the office of the Land and Development Officer came into being as a separate organization under the administrative control of C.C., Delhi. Since independence, the activities of this office have gradually expanded. In 1958, the Chief commissioner resumed Nazul lands under the management of Notified Area Committee, Civil section Delhi and put them under the administrative control of the Land and Development Officer. Land and Development Office was brought under the control of the then Ministry of Works, Housing and Supply (presently called Ministry of Urban Affairs and Employment) with effect from 1st October, 1959 and since then, it has been functioning as a subordinate office of this Ministry.

7.2 This was made an attached office of the Department of Urban Development on 4th April 2000. Its main functions include administering of 50,500 leases of the Central Government in Delhi, including 3,300 which are perpetual leases, and also handling of rehabilitation leases transferred to it by the Department of Rehabilitation from 1962. It also deals with the allotment of lands under its charge to various government /semi-government organizations and institutions, auction of vacant land and built up properties under it charge, conversion of lease hold residential property in Delhi into free hold and development of L&DO areas. It has been estimated that during the financial year 2000-01 it earned revenue of about Rs.165 crore on allotment of land, ground rent, conversion charges etc. L&DO is presently engaged in a major exercise to computerize all the land records under its jurisdiction which would bring about greater transparency in its functioning and also improve records management.

The staff position is indicated below:

	Sanctioned	In Position
Group A	7	7
Group B	8	8
Group C	179	179
Group D	60	60
Total	254	254

7.3 Rapid conversion of leases into free hold has reduced L&DO's jurisdiction to considerable extent (23,488 conversion applications were received up to 31 March 2000, majority of them have been disposed of). With the setting up of the MCD and NDMC, there is the anomalous situation where in L&DO lands and NDMC/MCD maintenance co-exist in the same locality. Also, building norms and property tax come in the jurisdiction of NDMC/MCD. The municipal corporations are providing the basic civic amenities for all these lands. The administration by L&DO is restricted to collection of ground rent, which is rupee one per annum in most of the cases. There are a large number of rehabilitation colonies with L&DO, e.g. Defence Colony. (Municipal functions of Defence Colony are with the MCD). As such, the Defence Colony can be transferred either to MCD or to NDMC by extending the jurisdiction of NDMC.

7.4 In these circumstances action needs to be taken on the following lines:

(i) The rehabilitation colonies could be transferred to NDMC to ensure a continuity of the Lutyns Bungalow Zone and prevent unnecessary construction and increase in density of population.

(ii) Revision of lease rent has not been done for a long time in spite of specific provisions for the same in the rules. Urgent steps need to be taken in this direction.

(iii) A time frame of six months should be fixed for completing the computerization of records.

(iv) The strength of staff in Groups C & D should be reduced by 50% of its present strength after computerization of records.

(v) A work study should also be undertaken to assess the workload remaining after the conversion of lease hold into free hold, transfer of colonies to MCD/NDMC and computerization of land records and re-determine the requirement of staff.

8. Government of India Stationery Office

8.1 It is a subordinate office of the Department of Urban Development responsible for procurement and supply of paper and paper-made articles and other stationery items for all Ministries/Departments of Government of India, including India Missions abroad, Union Territories and some quasi-Government organizations. The headquarters is at Kolkata with 3 regional stationery depots at New Delhi, Mumbai and Chennai. It was decided in 1987 to wind up the Department but in 1991 it was revived.

8.2 The workload of the office could be gauged from the number of indentors and value of orders placed by the Department as given below:

	Budget estimates 1999-2000	Revised Estimates 2000-01	Forecast upto 31st March 2001
1. No. of Indentors	14,325	14,355	14,390
2. Value of orders placed Rs. Crore	13.19	10.19	12.68

8.3 The total staff strength of the organization is 898, as on 31.12.2000, consisting of 3 Group A officers, 8 Group B Gazetted, 6 Group B Non-Gazetted, 465 Group C and 416 Group D staff.

8.4 Presently, the Government Departments indent their stationery from Kendriya Bhandar, Super Bazar and NCCF. The rates at which the stationery is supplied by these organizations are competitive compared to the market prices. Further, as against the order position of Rs.10.19 crore in RE 2000-01, the non-plan expenditure on the Office was Rs. 23.68 crore. This Department was set up at a time when there was shortage of stationery items and there was need to centralise procurement. The scenario has since changed and it does not appear necessary for Government of India to engage in procurement of stationery when it is readily available and there are no shortages. As such, there is no justification for continuing this Office. As decided in 1987, the Office should be wound up and the entire staff declared surplus. The Department of Printing can handle any residual work.

9. Department of Publication

9.1 This is a subordinate office dealing with sales and distribution of Government of India publications. This Department also secures advertisements for publication in the Gazette and a few other selected government publications. The headquarters is at Civil Lines, Delhi with sales depots at New Delhi, Kolkata and Mumbai and 4 sales counters in New Delhi and a Gazette distribution unit at Government of India Press, Mayapuri. In addition to above, it engages about 1085 agents for sale of government publications. The Department has a large store in Delhi and receives about 10 new titles for distribution every day and dispatches 500 packets per day on an average.

9.2 The staff strength of the Department is as follows, with 26.5% posts of the Department lying vacant at present:-

	Sanctioned	**Posted**	**Vacancies**
Group A	2	1	1
Group B	5	3	2
Group C	314	227	87
Group D	229	173	56
Total	550	404	146

The expenditure of the Department for 2000-01 was Rs.11.42 crore. It has earned revenue of around Rs.5.06 crore by way of advertisements inserted in Government publications. The sales of the Department were Rs.8.57 crore in 2000-2001. The Department receives 60% of the sale price as handling charges for sale and distribution of publications (distribution of Armed forces publications including cost of postage & freight is done free of cost), which would come to Rs.3.21 crore (2000-2001). The total earnings of the Department were 11.78 crore against expenditure of Rs.11.42 crore.

9.3 The work of the Department is of a commercial nature and should be organized on that basis so that the expenditure can be met out of its earnings. It is, therefore, recommended that:

(a) Entire receipt, dispatch, stock holding, billing and accounting should be computerized. For this purpose professional help should be hired and computerization completed within six months. The accounting system should also be reorganized on commercial system and should be computer based.

(b) It is reported that some Government departments offer only selected publications to this Department for sale, whereas they sell/distribute other publications on their own. Those Departments tend to pass on only low cost publications for sale. Even as all Government Departments should have the freedom to decide whether they would utilise the services of Department of Publications for distribution of its publications or not, the Department of Publications should also have the right to refuse to undertake the jobs sought to be given to it, if it is found that only some low priced items were being offered, with the higher priced items being given for distribution to other agencies.

(c) Armed forces publications are distributed free of cost to various units/formations. As MoD have the Army Postal Service, the free distribution should be taken over by Postal Service which has its own network. This Department will save the cost of freight and postage which is presently met from its budget and is not reimbursed by MoD. Only if there are any priced publications for sale then this Department may continue to handle these and that too on commercial terms; if so desired by MoD.

(d) The above recommendations will reduce the expenditure of the Department and also increase its revenue. (a) and (c) above should also result in reduction of staff. A review of staff requirement may, therefore, be made by SIU after six months to determine the number of posts required. In the meantime, all the 146 vacant positions should be abolished.

(e) This Department should maintain commercial accounts and endeavour to meet its entire expenditure from its earnings.

10. Town and Country Planning Organisation (TCPO)

10.1 TCPO is a subordinate office of the Department of Urban Development. It was formed in 1955. In its existence of over 50 years, it has provided technical advice on matters relating to urban and regional planning and development. It assists the Central and State Governments, public sector undertakings, local bodies and development authorities on matters relating to urbanization, town planning, urban transportation, metropolitan planning, urban mapping, research and training, preparation of manuals/guides/norms on urban planning and development apart from providing consultancy services. It is also involved in monitoring centrally sponsored planning projects of the Ministry of Urban Development such as the Integrated Development of Small and Medium Towns, Urban Mapping Scheme, Mega City Schemes and environmental improvement of urban slums.

10.2 The Chief Planner is head of the organization. It has consultants belonging to varied fields such as town planners, engineers, architects, economists, sociologists, geographers, environmentalists etc. It has nine functional divisions with headquarters at New Delhi. The budget of the organization is about Rs.4 crore per annum. The sanctioned strength of organization is 278 and 28 posts have been identified for abolition. The staff in position, as on 1.4.2001, is given below:

Category	Sanctioned	Posted	Vacancies
Group A	55	36	19
Group B Gazetted	5	1	4
Group B Non-Gazetted	47	35	12
Group C	83	73	10
Group D	51	48	3

10.3 Some technical posts have remained unfilled for long time due to delays in recruitment procedure.

10.4 The importance of this organization has been highlighted by the National Commission of Urbanisation, Planning Commission and the Fifth Central Pay Commission had endorsed the views of National Commission of Urbanisation for elevating its status to that of a research body like CSIR. With the introduction of computerisation, digital and satellite imagery, the organisation needs a radical change. New designs are required in Town Planning keeping in mind environmental requirements, population growth, changing age profile of people, infrastructure needs, water shortage, new methodologies for urban waste, etc. Urban standards also need to be upgradated from time to time. In this context, the following recommendations are made:

1. The work of the Department may be totally computerised.
2. Only computer literate staff may be recruited in future (except for group D).
3. Technical posts may be taken out from the purview of UPSC and in future technical positions may be filled only on contract basis.
4. The number of Groups C & D posts is far too large for a technical organization where the nature of work has to be officer oriented. Thirty per cent of these posts may be abolished, and later a work study may be undertaken to determine the actual number of support staff in these categories.
5. Pending action on these lines, all the 48 vacant posts may be abolished forthwith, filling up only those few which are required to be filled up by promotion from levels where there has been stagnation for some years.

11. National Building Organisation (NBO)

11.1 National Building Organization (NBO) is an attached office of the Department of Urban Employment and Poverty Alleviation. It was set up in 1954 for technology transfer, experimentation, development and dissemination of housing statistics. It was restructured in August 1992 with a revised mandate viz. study and survey of socio-economic aspects of housing apart from compilation of statistics relating to housing. In the present scenario, it does not appear that a full-fledged organization should be engaged in compilation of statistics. Further, this is not an activity of priority for the Government. There are various autonomous and statutory organizations, as also public sector undertakings that could be entrusted the task, e.g., Building Materials and Technology Promotion Council or HUDCO.

11.2 This organization may be closed down and the entire staff may be declared surplus. Any residual work can be attended to directly by the Department of Urban Development itself.

12. National Building Construction Corporation Limited (NBCC)

12.1 National Building Construction Corporation Limited (NBCC) was incorporated as a Public Sector Undertaking in November 1960. Its main line of business is execution of civil engineering projects, rendering of consultancy Services and development of real estate projects. The paid-up capital of the Corporation stand at Rs.111.65 crore against the authorised capital of Rs.120 crore. NBCC has been granted ISO9001 certification by the Bureau of Indian Standards for providing of consultancy and construction Services by Consultancy and Project Management Divisions. NBCC today is about Rs.350 crore company and its activities are spread all around the country and abroad. NBCC has earned a net profit of Rs.12.29 crore during the year 1999-2000 and it has been reported that it has orders in hand worth about Rs.650 crore as on 1.1.2001. NBCC has also made joint collaboration & technology tie-ups with various international

Companies to enhance its business prospects and to bring into the country the new Construction Technologies & Methods.

12.2 This area of activity is best left to the private sector. Action should therefore be taken to disinvest this undertaking. As this organization is able to earn profits, and also has a good order book, disinvestment should present no problems.

13. Hindustan Prefab Ltd. (HPL)

13.1 Hindustan Prefab Ltd. is a Public Sector Company functioning under the administrative control of the Ministry since 1955. It is working both as a production unit as well as a contracting company for execution of construction works using mainly prefabricated building components.

13.2 During the year 1999-2000, the company has incurred a loss of Rs.5.54 crore. Several Employees of HPL have opted for VRS/VSS. Rs.1.50 crore has been released to HPL as loan, as on 31.1.2001. This is an area of activity, which is best left to the private sector. This organization should therefore be privatised/sold.

13.3 With privatisation increasing every day in construction business the utility of this organization under the Government has reached a low level. It should be closed with immediate effect, as disinvestment in such a unit may not be feasible.

14. Delhi Development Authority (DDA)

14.1 DDA is an autonomous body under the Department of Urban Development. Its main activities include development of acquired land, development of infrastructure like road, drains, water supply, sewerage and other facilities, development/construction of commercial centres and construction of residential complexes. With very little vacant land available, the activity of DDA is expected to diminish in the coming years. It would be desirable for the ministry of commission a study on the future role of DDA.

14.2 The staff strength in the DDA is as follows:

S.No.	Category	Persons in positions
1	Group A	464
2	Group B	1285
3	Group C	5954
4	Group D	3387
5	**Work-Charged staff**	11,566
	Total	**22,656**

14.3 DDA would need to undertake computerization of all its database. Apart from reducing processing time, this will also ensure safety of land records. A time bound action plan could be drawn up for this purpose.

14.4 After computerization, officer oriented working procedures may be introduced and the staff strength reduced. Pending such a review, all vacant posts in DDA could be abolished.

14.5 The number of work charged staff (11,566) appears to be too large. A Committee could be appointed to determine the requirement of such staff and submit a report within three months, and the staff found surplus may be reduced.

15. Delhi Urban Art Commission

15.1 It is an autonomous body, set up by an Act of Parliament in May, 1974, to advise the Central Government on preserving, developing and maintaining the aesthetic quality of urban and environment design within Delhi and to give advice and guidance to any local body in respect of the above. The entire expenditure of the Commission is met by the Central Government by way of grant. Its annual expenditure is of the order of Rs.80 lakhs. The number of posts in the Commission are : Group A – 3 posts, Group B – 5 posts, 22 posts in Group C and D. In addition, the Commission has posts of Chairman and four members (at present three members have been appointed).

15.2 A widely held perception is that the body has become defunct and that in fact it is hampering development. For example, the flyovers in Delhi, which were approved 8-9 years ago, have been started only in the year 2000 because of the delays in getting clearance from the Commission among other reasons. A review of the functioning of the Commission probably whether it serves the purpose/objectives for which it was set up and whether its continuance is therefore urgently called for. Meanwhile, the total staff strength of the Commission needs to be downsized. The posts of Assistant Secretary, Deputy Architect and Administrative Officer may be abolished. The Secretary could look after all the administrative work. Three posts of Arch. Assistants, two stenos, Gestetner Operator (these machines have long ago been replaced by photocopy machines), one dispatch rider, one LDC may also be abolished. The Hindi Translator and Hindi Typist may be assigned additional work as they donot have full time work.

16. National Institute of Urban Affairs

16.1 It is an autonomous body registered as a society under the Societies Registration Act, 1860. It was set up on 12^{th} January 1976 with the objectives of carrying out research on urban development and administration and collecting, processing, storing and dissemination of information regarding urban local bodies. Its expenditure is met out of grant from Central Government. During 1998-99, it was given a grant of Rs.1.05 crore and in 1999-200 Rs.1.35 crore. The contribution made by the organisation needs a review.

16.2 A review of the functioning of the Institute and the evaluation of its work by the Department is called for. It is also necessary that the Institute is encouraged to meet a large part of its expenditure out of income from project work that it may seek from different organizations, including State Governments and Departments of the Central Government. It should aim to meet atleast 50 per cent of its expenditure from outside so that it could be freed from Government regulations and control. It should also endeavour to become a major think tank on urban issues.

17. National Capital Region Planning Board

17.1 A Master Plan for Delhi was prepared way back in 1959 and finally approved in 1962, which recommended setting up of a statutory National Capital Regional Planning Board. Accordingly, in February, 1985 through an Act of Parliament the Board was constituted for the preparation of a plan for the orderly development of the National Capital Region and for coordinating and monitoring the implementation of such plan and for evolving harmonized policies for the control of land-uses and development of infrastructure in the Region. Minister for Urban Development is the Chairman of the Board and Chief Ministers of Haryana, Rajasthan and Uttar Pradesh and Lt. Governor of Delhi are among the members. The Board has a sanctioned strength of 63 and 57are in position. In addition, there are personnel in the Planning Cells of the state governments whose expenditure is met by the Board. The annual expenditure of the Board is Rs. 1.2 crore and in addition it incurs an expenditure of Rs. 1 crore on the various Planning Cells.

17.2 The NCRPB was set up at a time when the Government wanted to move some of the Government Departments out of Delhi. Almost 16 years have passed but NCRPB has not been able to provide funds for developing infrastructure in the National Capital Region. As it is, the State Governments through their Housing Board and Development Authority have already been developing residential and office accommodation in places as in NOIDA, Gurgaon, Sonepat etc. As such, there is no need for the continued existence of an elaborate office of NCRPB as it is constituted at present. On the other hand, there is need for initiating studies in various aspects of the development of the National Capital Region. Many of these studies could in fact be got done through outside agencies. In these circumstances, NCRPB could be down sized into a compact research cell, which could function under a Joint Secretary in the Ministry. The other positions in the NCRPB, as also the Planning Cells set up in the States, could also be abolished.

18. Building Material and Technology Promotion council (BMTPC)

18.1 The Government of India set up in 1990 an inter-ministerial apex institution the Building Materials and Technology Promotion Council (BMTPC). The objectives of BMTPC are to improve the technology environment in housing and building sector through identification, evaluation, validation, standardization and documentation thereby undertaking diffusion of cost-effective proven new building material technologies in an integrated manner. To achieve its objectives, the council is coordinating its functions with various R&D institutions, housing and building agencies both in public and private sectors, industrial promotion organizations, financial institutions and private builders and related professionals. Minister of Urban Development and Poverty Alleviation is the President of the Council. The Board of Management has representatives from concerned Central Ministries, State Governments, Housing Finance and Industrial Development Promotion Institutions like NHB, HUDCO, RBI, IFCI, ICICI etc. It has been structured to undertake the task of extension and application of innovative technologies and low cost building materials based on industrial and agricultural wastes/developed by research institutions. It also encourages development of appropriate standards for the new materials and their adoption in the schedule and specifications of the public housing and construction agencies.

18.2 The organisation is fully funded by the Ministry through grants. During 1999-2000 it was provided grant of Rs. 4 crore.

18.3 As since the Council has now been working for over a decade, there is need for a critical review of its work, as well as its staff strength. The Ministry could arrange for such a review to be undertaken early.

19. Reorganization of the Ministry of Urban Development and Poverty Alleviation

19.1 Considering the nature of work and the workload, it is recommended that the Department of Urban Development and the Department of Urban Employment & Poverty Alleviation be merged. The post of Secretary, Urban Employment &

Poverty Alleviation, along with those of the personal staff, can be abolished. The work of Department of Urban Employment and Poverty Alleviation can be handled by the Joint Secretary, reporting to the Secretary (UD).

19.2 Following the recommendations for revised delegation of powers to the DG (CPWD) and for placing this office on a single file system with the Ministry, it should be sufficient if a small cell (one Under Secretary, one Assistant and one UDC) only is retained in the Ministry to assist the Secretary on matters relating to CPWD. The other 20 posts now in position in the Ministry for attending to such work can be abolished.

19.3 Following the suggestion for creation of a post of Joint Secretary in CPWD to look after the work FA in the CPWD, the post of FA in the Ministry could be downgraded to that of a Joint Secretary.

19.4 The plan schemes of the Ministry are all in the areas of direct responsibilities of the State Governments. The States should therefore have a greater role in the formulation of these schemes. Moreover, these schemes have been in operation for several years now. In these circumstances, there is no need for any separate 'economic' advice in these matters. The post of Economic Adviser, along with those of the personal and support staff should therefore be abolished.

19.5 There are three Arbitrators of the level of Joint Secretary in the ministry appointed to handle the cases of disputes between the Government and private parties arising from the contracts entered into by CPWD. These officers are on deputation either from the CPWD or Ministry of Law and are borne on the strength of the ministry. Details of the number of arbitration cases as also the enhanced amounts that become payable as a result of such arbitration procedures are not readily available. But the general perception appears to be that such enhancements in the amounts payable could total up to a very large sum. It is necessary that the ministry collects this information urgently. If it is found that the number of cases is quite large and also the additional amounts having to be paid are also quite substantial, then action should be taken on two fronts. First, only those not connected to the Ministry of Urban Development should be inducted in these posts of Arbitrators. For example the induction could be from the Ministry of Law. Second, a suitable scale of fees, determined as a proportion of the additional amounts claimed in Arbitration, should also be fixed. Such an arrangement would discourage filing of frivolous and excessive claims.

19.6 There is a Central Public Health Environment and Engineering Organisation (CPHEEO) in the Ministry headed by an Advisor with supporting technical staff of Deputy Advisor, Assistant Advisor. This Unit advises the Ministry on technical matters relating to water supply and sanitation, including solid waste management. Considering the limited role of the Centre in this activity, the fact that States also have their own technical advisors in this field, and also the recommendation earlier made for transferring the centrally sponsored scheme of urban water supply to the Department of Drinking Water Supply, there appears to be little justification for continuance of the CPHEEO. The work of this organization should therefore be reviewed within a period of three months and in case it is found necessary to retain it, then the staff strength would need to be drastically down sized, retaining only one or two technical officers, with minimum support staff.

19.7 The Finance Division of the Ministry consists of 4 desks apart from an Accounts Officer, reporting to Director. This is definitely on the high side. With the proposed increased delegation of powers to the attached and subordinate offices, the workload will come down further. Pending a study by the SIU, one desk may be surrendered immediately.

19.8 Urban Land (Ceiling & Regulation) Act has been repealed. The posts sanctioned for the work should be abolished and the concerned staff declared surplus.

19.9 INTACH may be transferred to the Department of Culture. Delhi Water Supply and Sewage Undertaking may be transferred to the Delhi Government.

Rationalisation of the functions, activities and Structure of the

Ministry of Urban Development and Poverty Alleviation

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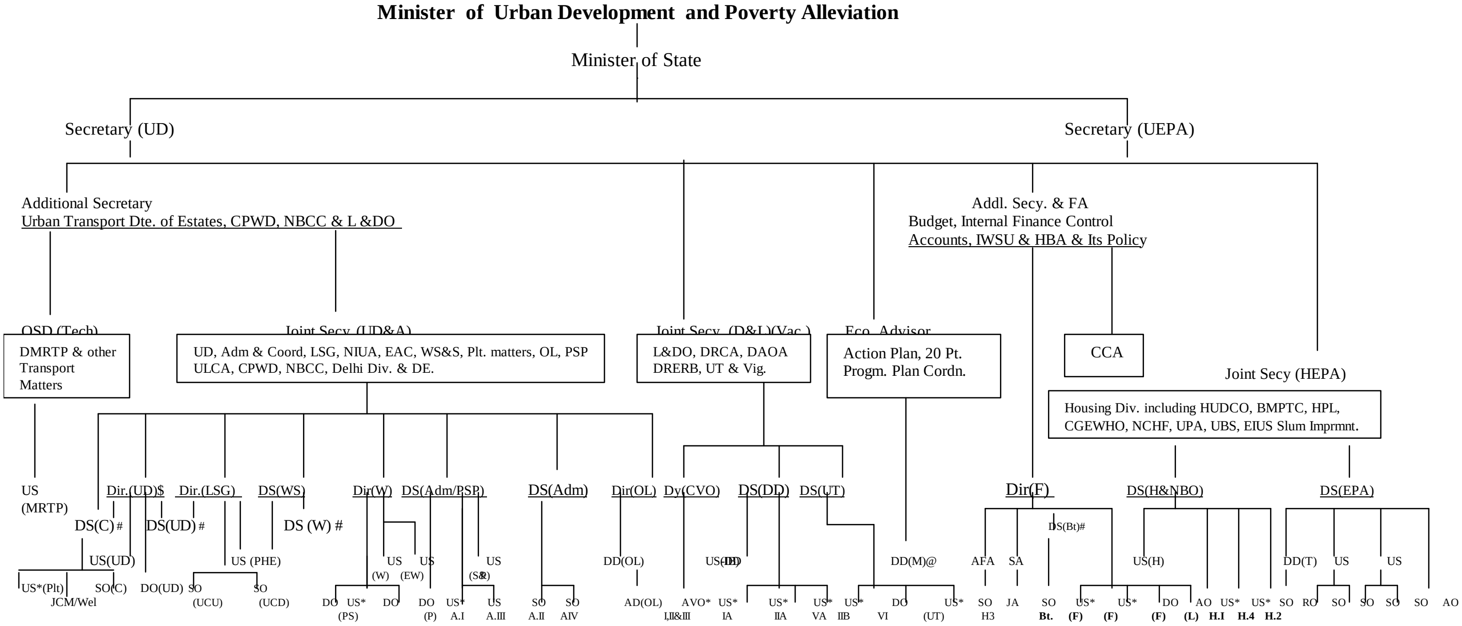
ORGANISATION CHART AS ON 01.03.2001

Minister of Urban Development and Poverty Alleviation



(*) Manned by Under Secretary on Personal basis. (#) Manned by Dy. Secretary on personal basis. @DD(M) submits through DS(EPA). $Dir(UD) Looks after LSG and Work Divn.

LEGEND

1.	AVO	Assistant Vigilance Officer
2.	A	Administration
3.	AFA	Assistant Financial Adviser
4.	AO	Accounts Officer
5.	AD	Assistant Director
6.	BMTPC	Building Material Technology Promotion Council
7.	Bt	Budget
8.	CCA	Chief Controller of Accounts
9.	CGEWHO	Central Government Employees Welfare Housing Organisation
10.	C	Coordination
11.	CPWD	Central Public Works Department
12.	Dy CVO	Deputy Chief Vigilance Officer
13.	DUAC	Delhi Urban Arts Commission
14.	DAOA	Delhi Apartment Ownership Act
15.	DRERB	Delhi Real Estates Regulation Bill
16.	DMRTP	Delhi Metro Rail Transport Project
17.	DRCA	Delhi Rent Control Act
18.	DO	Desk Officer
19.	DS	Deputy Secretary
20.	Dir	Director
21.	DD(M)	Deputy Director (Monitoring)
22.	DD(T)	Deputy Director (Transport)
23.	EW	Establishment Work
24.	EAC	External Assistance Coordination
25.	EIUS	Environmental Improvement of Urban Slum
26.	EPA	Employment & Poverty Alleviation
27.	F	Finance
28.	H	Housing
29.	HEPA	Housing Employment & Poverty Alleviation
30.	HPL	Hindustan Prefab Ltd.
31.	HUDCO	Housing & Urban Development Corporation Ltd.
32.	HBA	House Building Advance
33.	IWSU	Internal Work Study Unit
34.	JA	Junior Analyst
35.	JCM	Joint Consultative Machinery
36.	L&DO	Land and Development Officer
37.	LSG	Local Self Government
38.	MRTP	Mass Rapid Transport Project
39.	NBO	National Buildings Organisation
40.	NBCC	National Building Construction Corporation
41.	NCRPB	National Capital Region Planning Board
42.	NIUA	National Institute of Urban Affairs
43.	NCHF	National Cooperative Housing Federation
44.	OL	Official Language
45.	OSD(Tech)	Officer on Special Duty (Technical)
46.	PHE	Public Health Engineering
47.	PS	Public Sector
48.	PSP	Printing Stationery & Publication
49.	P	Printing
50.	Plt	Parliament
51.	S&P	Stationery and Printing
52.	SA	Senior Analyst
53.	SO	Section Officer
54.	UD	Urban Development
55.	UEPA	Urban Employment and PovertyAlleviation
56.	UBS	Urban Basic Services
57.	UCU	Urban Ceiling Unit

58.	UCD	Urban Community Development
59.	ULCA	Urban Land Ceiling Act
60.	UT	Urban Transport
61.	UPA	Urban Poverty Alleviation
62.	US	Under Secretary
63.	Vig	Vigilance
64.	W	Works
65.	WS&S	Water Supply & Sanitation

Allocation of Work

Annexe-2

The following business has been allocated to the Department of Urban Development and Department of Urban Employment and Poverty Alleviation under the Ministry of Urban Development and Poverty Alleviation:

Department of Urban Development

1. Properties of the Union, whether lands or buildings, with the following exceptions:-

   * Those belonging to the Ministry of Defence (Raksha Mantralaya) the Ministry of Railways (Rail Mantralaya) and the Department of Atomic Energy (Parmanu Oorja Vibhag) and the Department of Space (Antariksh Vibhag).
   * Buildings or lands, the construction or acquisition of which has been financed otherwise than from the Civil Works Budget; and
   * Buildings or lands, the control of which has at the time of construction or acquisition or subsequently been permanently made over to other Ministries and Departments.

2. All Government civil works and buildings including those of Union Territories excluding roads and excluding works executed by or buildings belonging to the Railways. P&T and the Department of Atomic Energy (Parmanu Oorja Vibhag), and the Department of Space (Antriksh Vibhag).

3. Horticulture Operations.

4. Central Public Works Organisation.

5. Administration of Government estates including Government Hostels under the control of the Ministry. Location or dispersal of offices in or from the metropolitan cities.

6. Allotment of accommodation in Vigyan Bhavan.

7. Administration of Requisitioning and Acquisition of Immovable Property Act. 1952 (30 of 1952).

8. Administration of Delhi Hotels (Control of accommodation Act) 1949 (24 of 1949).

9. The Public Premies (Eviction of Unauthorised Occupants) Act, 71.

10. Administration of four Rehabilitation Markets Viz. Sarojini Nagar Market, Shankar Market, Pleasure Garden and Kamla Market.

11. Issue of lease or conveyance deeds in respect of Government built properties in Delhi and New Delhi under the Displaced Persons (Compensation and Rehabilitation) Act, 1954 (44 of 1954) and conversion of lease deeds, allotment of additional strips of land and correctional areas adjoining such properties.

12. Stationery and printing for the Government of India including official publications.

13. Planning and Coordination of urban transport systems, with technical planning and road based systems being subject to items 22 and 23 under the Ministry of Surface Transport (Jal-Bhootal Pariwahan Mantralaya) and technical planning of rail based systems being subject to item 1 & 2 under the Ministry of Railways (Rail Mantralaya), Railway Board (Rail Board.)
14. Town and Country Planning; matters relating to the Planning and Development of Metropolitan Areas. International Cooperation and Technical Assistance in this field.
15. Scheme of large scale acquisition, development and disposal of land in Delhi.
16. Delhi Development Authority.
17. Master Plan of Delhi, coordination of work in respect of the Master Plan and Slum Clearance in the Union territory of Delhi.
18. Erection of memorials in honour of freedom fighters.
19. Administration of Delhi Development Act, 1957 (61 of 1957).
20. The Delhi Rent Control Act, 1958 (59 of 1958).
21. Development of Government Colonies.
22. Local Government, that is to say, the constitution and powers of the Municipal corporations (excluding the Municipal Corporations of Delhi), Municipalities (excluding the New Delhi Municipal Council), other local self Government administrations excluding Panchayati Raj Institutions.
23. The Delhi Water supply and Sewage Disposal Undertaking of the Municipal Corporation of Delhi.
24. Water supply (subject to overall national perspective of water planning and coordination assigned to the Ministry of Water Resources), sewage, drainage and sanitation relating to urban areas and linkage from allocated water resources, International Cooperation and Technical Assistance in this field.
25. The Central council of Local Self government.
26. Allotment of Government Land in Delhi.
27. All attached and Subordinate Offices or other Organisations concerned with any of the subjects specified in this list.
28. Public Sector Projects falling under the subject including in this list, expect such projects as are specifically allotted to any other Department.
29. The Urban Land (Ceiling & Regulation) Act, 1976 (33 of 1976).

30. Delhi Urban Art Commission, Delhi Urban Commission Act, 1973 (1 of 1973).

31. Administration of Rajghat Samadhi Committee.

32. All matters relating to Planning and Development of the National Capital Region & Administration of the National Capital Region Planning Board Act, 1985 (2 of 1985).

33. Matters relating to the Indian National Trust of Art & Culture – Heritage (INTACH).

34. Matters of the Housing and Urban Development Corporation (HUDCO) relating to urban intrastructure.

Department of Urban Employment and Poverty Alleviation

1. Formulation of housing policy and programme (except rural housing which is assigned to the Department of Rural Development), review of the implementation of the Plan Schemes, collection and dissemination of data on housing, building materials and techniques, general measures for reduction of building costs and nodal responsibility for National Housing Policy.

2. Human Settlements including the United Nations Commission for Human Settlements and International Cooperation and Technical Assistance in the filed of Housing and Human Settlements.

3. Urban Development including Slum Clearance Schemes and the Jhuggi and Jhopri Removal Schemes. International Cooperation and Technical Assistance in this field.

4. National Cooperative Housing Federation.

5. Implementation of the specific programmes of Urban Employment and Urban Poverty Alleviation, such as Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP).

6. All matters relating to Housing and Urban Development Corporation (HUDCO) other than those relating to urban infrastructure.

Annexe-3

CAPACITY UTILIZATION IN GOVERNMENT OF INDIA PRESSES

PERCENTAGE

S. No.	Name of Press	1997-98	1998-99	1999-2000	2000-2001 upto Jan.
1	Minto Road (LP)	42.69	25.64	40.20	35.40
2	Minto Roal (PL)	31.34	38.50	36.49	38.75
3	Ring Road	41.41	41.51	45.13	45.20
4	Nilokheri	31.19	27.92	32.08	32.51
5	Gangtok	63.48	71.74	71.41	69.08
6	Bhuvaneshwar	30.73	30.55	46.82	39.42*
7	Koratty	35.84	37.60	71.84	60.73
8	Santragachi (PU)	17.33	13.28	36.71	24.49
9	Santragachi (FU)	26.09	22.15	45.95	37.32
10	T.S. Kolkatta	30.43	26.14	48.96	39.02
11	Aligarh	25.76	31.82	38.94	39.39
12	Mumbai	97.01	103.98	89.42	121.59
13	Chandigarh	34.82	33.90	64.94	61.72
14	Coimbatore	39.55	45.17	68.78	62.92
15	Faridabad (LP)	34. 28	30.51	46.79	45.42
16	Faridabad (PL)	17.01	29.18	49.15	34.46**
17	Mysore	44.16	24.10	47.30	48.32
18	Nashik	29.74	28.44	26.69	38.28
19	Shimla	57.49	75.97	71.65	63.87
	OVERALL %AGE	31.42	31.07	45.18	44.18

* Upto December, 2000.
** Upto November, 2000.

Appendix-1

Water Supply and Sanitation : Expenditure - All States (Rs.crore)

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total States Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	1670.91	16.96	1687.87	3040.78	2236.73	5277.51	4711.69	2253.69	6965.38	266360.86	2.61501634
1999-2000(Revised)	1927.60	189.92	2117.52	3105.06	2559.72	5664.78	5032.66	2749.64	7782.30	325633.88	2.3898926
2000-2001(Budget)	2788.46	146.48	2934.94	2946.65	2705.81	5652.46	5735.11	2852.29	8587.40	350766.77	2.44817946

Water Supply and Sanitation : Expenditure - Central (Rs.crore)

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total Central Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	18.00	0.00	18.00	64.81	0.00	64.81	82.81	0.00	82.81	281912.33	0.02937438
1999-2000(Revised)	22.50	0.00	22.50	94.55	0.00	94.55	117.05	0.00	117.05	303738.23	0.03853647
2000-2001(Budget)	20.01	0.00	20.01	126.70	0.00	126.70	146.71	0.00	146.71	338486.66	0.04334292

Source:

(I) States Expenditure-State Finances, A Study of Budgets of 2000-2001by R.B.I,January 2001.

(ii)Central Expenditure -GOI Expenditure Budget-1999-2000 & 2000-2001,Vol.1,

Detailed Demands for Grants,GOI,M/O Urban Dev.&Poverty Alleviation,2000-2001

Urban Development : Expenditure - All States (Rs.crore)

Appendix-2

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total States Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	192.94	-145.25	47.69	1659.09	855.42	2514.51	1852.03	710.17	2562.20	266360.86	0.96192812
1999-2000(Revised)	436.26	19.94	456.20	2272.16	1304.33	3576.49	2708.42	1324.27	4032.69	325633.88	1.23841229
2000-2001(Budget)	550.66	20.46	571.12	2539.73	1200.34	3740.07	3090.39	1220.80	4311.19	350766.77	1.22907595

Urban Development: Expenditure - Central (Rs.crore)

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total Central Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	148.00	0.00	148.00	1.63	6.79	8.42	149.63	6.79	156.42	281912.33	0.05548533
1999-2000(Revised)	135.00	0.00	135.00	4.40	8.00	12.40	139.40	8.00	147.40	303738.23	0.04852863
2000-2001(Budget)	215.00	0.00	215.00	13.02	9.89	22.91	228.02	9.89	237.91	338486.66	0.07028637

Source:
(I) States Expenditure-State Finances, A Study of Budgets of 2000-2001by R.B.I,January 2001.
(ii)Central Expenditure -GOI Expenditure Budget-1999-2000 & 2000-2001,Vol.1,
Detailed Demands for Grants,GOI,M/O Urban Dev.&Poverty Alleviation,2000 -2001

Appendix-3

Housing : Expenditure - All States (Rs.crore)

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total States Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	453.98	134.52	588.50	638.61	506.02	1144.63	1092.59	640.54	1733.13	266360.86	0.65066992
1999-2000(Revised)	507.97	349.46	857.43	788.56	559.54	1348.10	1296.53	909.00	2205.53	325633.88	0.6773036
2000-2001(Budget)	523.43	68.15	591.58	792.20	574.00	1366.20	1315.63	642.15	1957.78	350766.77	0.55814295

Housing: Expenditure - Central (Rs.crore)

Year	Capital			Revenue			Total				
	Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Total Central Expenditure**	**10 as % of 11**
1	2	3	4	5	6	7	8	9	10	11	12
1998-1999(Actuals)	76.31	68.55	144.86	0.00	237.47	237.47	76.31	306.02	382.33	281912.33	0.13562018
1999-2000(Revised)	63.25	66.54	129.79	0.00	253.69	253.69	54.77	320.23	375.00	303738.23	0.12346157
2000-2001(Budget)	88.53	74.83	163.36	0.00	271.92	271.92	75.00	346.75	421.75	338486.66	0.12459871

Source:
(I) States Expenditure-State Finances, A Study of Budgets of 2000-2001by R.B.I,January 2001.
(ii)Central Expenditure-GOI Expenditure Budget-1999-2000 & 2000-2001,Vol.1,
Detailed Demands for Grants,GOI,M/O Urban Dev.&Poverty Alleviation,2000-2001

PART II

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF PERSONNEL,PUBLIC

GRIEVANCES AND PENSIONS

Rationalisation of the functions, activities and structure of the Ministry of Personnel, Public Grievances and Pensions

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Rationalisation of the functio ns, activities and structure of the Ministry of Personnel, Public Grievances & Pension

Executive Summary

A. Department of Personnel and Training

1. While the Kendriya Bhandar has been consistently earning profits, it is necessary in the present context to explore the feasibility of its privatisation.
2. The extent to which the Samaj Sadans activities need to be continued and also the extent to which DOP&T needs to be involved in this activity would need to be examined.

B. Department of Administrative Refo rms and Public Grievances

1. The present arrangement under which grievances relating to 15 ministries are dealt with by the Directorate of Public Grievances in the Cabinet Secretariat and the remaining work in the DAR&PG leads to some confusion. It will be desirable to centralise all this work under the DPG. Towards this end, this activity could be wound up in DAR&PG and out of 30 staff members about 15 (that may be required by adopting the desk officer system) could be transferred to DPG in Cabinet Secretariat and the remaining positions abolished.
2. The task of bringing out the monthly Civil Service News Letter can be transferred to the Ministry of I&B while the work relating to bringing out the quarterly magazine for sharing of administrative matters and practices could be entrusted to IIPA. The documentation and dissemination division in the DAR&PG which currently attends to these functions could be wound up and all the 28 positions sanctioned for this purpose abolished.
3. The items of work relating to the reform coordination and IT, O&M, international cooperation and public services which form the core activities for determining the strategy for administrative reforms. By farming out some of the research and documentation work and by adopting the desk officer system, the

staff required for these items of work could be limited to 30. The remaining 72 posts could be surrendered.

C. Recruitment Boards / Staff Selection Commissions

1. The Department of Personnel and Training should urgently examine whether in organisations like Railways, with more than one Recruitment Board, some of these can be closed down straightaway, having regard to the considerable fall in recruitment in recent years.

1. Introduction

1.1 The Ministry of Personnel, Public Grievances & Pension, as it is constituted at present, has evolved between the years 1970 and 1985. Broadly speaking, the functions currently being discharged by this ministry were being looked after by the Ministry of Home Affairs before the reconstitution exercise began in 1970.

1.2 The need for a separate Department of Personnel was gone into at length by the Administrative Reforms Commission (ARC). In its report, the ARC recommended that a separate Department of Personnel should be set up, with a full secretary incharge, who should work under the general guidance of the Cabinet Secretary. The Commission also indicated the functions and responsibilities, which the new department should have, apart from stating that this new Department of Personnel should be placed directly under the Prime Minister.

1.3 The recommendations of the ARC led to the reorganization of the Ministry of Home Affairs as it then stood, resulting eventually in the formation of Ministry of Personnel, Public Grievances & Pension as it stands today. This process was initiated on June 26, 1970 when the Department of Personnel was notified as a department in the Cabinet Secretariat. The process was taken further on August 1, 1970 with the notification of the items of work to be dealt with by the Department of Personnel. In broad terms, these included recruitment, promotion and morale of the services, training, vigilance and discipline, service conditions of the senior and middle management, grievances and staff welfare, UPSC and some others. Eventually, on March 15, 1985 the Ministry of Personnel and Training, Administrative Reforms & Public Grievances and Pension was notified. As it now stands, this ministry consists of the following three departments: -

a) The Department of Personnel & Training;
b) The Department of Pension and Pensioners' Welfare; and
c) The Department of Administrative Reforms & Public Grievances.

1.4 The Secretary in the Ministry looks after all the three departments and, apart from the officers in the Department of Personnel and Training, is assisted by two additional secretaries who look after the day-to-day functioning of the Department of Administrative Reforms & Public Grievances and of the Department of Pension and Pensioners' Welfare.

1.5 The position in regard to the number of sanctioned posts and the number of employees in position in different categories in these three departments is at Annex 'A'. The position of staff in organizations functioning under the Ministry of Personnel, Public Grievances and Pension is at Annex 'B' and covers organizations such as the Staff Selection Commission (SSC), the Central Vigilance Commission (CVC), the Union Public Service Commission (UPSC) etc.

2. Department of Personnel & Training

2.1 The role of the Department of Personnel and Training (DOPT) can be conceptually divided into two parts. In its larger nodal role, it acts as the formulator of policy and as the watchdog of the government, ensuring that certain accepted standards and norms, as laid down by it, are followed by all ministries/departments in the recruitment, regulation of service conditions and deputation of personnel as well as other related issues. Towards this end, guidelines are issued by it for the benefit of all ministries/departments and it monitors the implementation of these guidelines. It also advises all organisations of the Central Government on issues of personnel management. At a more immediate level, the department has the direct responsibility of being the cadre controlling authority for the Indian Administrative Service (IAS) and the Central Secretariat Service (CSS). The Department also operates the Central Staffing Scheme under which suitable officers from the All India Services and the Group 'A' Central Services are selected and then placed in posts at the level of Deputy Secretary/Director and Joint Secretary on the basis of tenure deputation. The department also deals with cases of appointment to posts of chairman, managing director, full-time functional director/member of the boards of management of various public sector undertakings/enterprises, corporations, banks and financial institutions. It also deals with the assignment of Indian experts to various developing countries.

2.2 In the operational sense, DOPT, alongwith the Department of Expenditure in the Ministry of Finance, has been functioning as a strong, persistent and often unpopular regulator within the governmental machinery at the Centre. It is frequently called upon by various ministries and departments to give an opinion on complex, ticklish and sensitive issues, often matters in which the administrative department or ministry may be facing difficulty or embarrassment in saying what needs to be frankly stated. In this sense DOPT is regarded as a shield and bulwark for ensuring propriety and correctness and in pointing out the need for observance of rules, instructions and conventions.

2.3 The sanctioned staff strength in DOPT, including the Public Enterprises Selection Board (PESB), as on May 1, 2001 consisted of 66 Group 'A' posts, 219 posts of Group 'B', 224 posts of Group 'C' and 169 posts of Group 'D', making a total of 678 posts. The number in position on that date was 611 employees (Group 'A' 64, Group 'B' 162, Group 'C' 217 and Group 'D' 168).

2.4 Keeping in view the role and responsibilities of DOPT, as also the functions it has been performing, there is not much scope for curtailment of the area of its operations or staff strength. It has to be borne in mind that certain coordinational (e.g. foreign training, foreign assignment) and regulatory as well as servicing functions (e.g. appointments to senior posts) functions have to be performed at some place in the Central Government and it does not seem possible to dilute, reduce or do away with this requirement. Other than the Indian Administrative Service (IAS), the Central Secretariat Service (CSS), the Central Secretariat Stenographers' Service (CSSS) and the Central Secretariat Clerical Service (CSCS), all the different cadres are already being managed and administered by the respective ministries and departments. So far as the aforesaid four services are concerned, DOPT would seem to be the appropriate cadre controlling authority.

2.5 The Department of Personnel and Training is intimately involved in several staff welfare and similar activities. Mention in this connection can be made of the institution of Grih Kalyan Kendra (a society registered under the Societies Registration Act, 1860), the Kendriya Bhandar (a registered cooperative society set up in 1963), and the Central Civil Services Cultural and Sports Board (a society registered under the Societies Registration Act, 1860). Several of the Samaj Sadans run by the GKK are functioning well (of the 37 Samaj Sadans, 23 are in Delhi and the remaining 14 are outside). The Kendriya Bhandar has been consistently earning profits and has played a useful role in ensuring the availability of essential commodities in the market, particularly during times of real or perceived shortages. In the situation prevailing at present, the Kendriya Bhandar could be considered for privatisation in an appropriate manner. As regards the Samaj Sadans, an evaluation by a dedicated group could be undertaken in order to decide on the extent to which this activity needs to be continued or curtailed and also the extent to which DOPT needs to be intimately involved with their functioning. The question of closing down or disposing of assets which are not serving any useful purpose would also need to be looked into. Such an exercise would need to be undertaken in a time-bound manner.

3. Department of Pension and Pensioners' Welfare

3.1 The Department of Pension & Pensioners' Welfare (D.P.P.W.) is the nodal agency in the Central Government for formulation of pension policy as well as the nodal point pertaining to pension - related grievances. The department was set up in 1985 as a part of the Ministry of Personnel, P.G. and Pension and has been rendering service for the welfare of pensioners since then. A number of steps have been taken for streamlining pension administration for greater convenience and welfare of the pensioners.

3.2 This department, does not deal directly with pensioners but is the focal point for dealing with issues concerning pensioners and for issue of instructions and guidelines regarding matters pertaining to pensioners.

3.3 Compared to the sanctioned strength of 103 employees (Group 'A' 14, Group 'B' 39, Group 'C' 32 and Group 'D' 18) at the beginning of May, 2001, this department had in May 2001, 100 employees (Group 'A' 14, Group 'B' 36, Group 'C' 32 and Group 'D' 18).

4. Department of Administrative Reforms & Public Grievances

4.1 The Department of Administrative Reforms & Public Grievances (DPAR&PG) set up in March, 1964 as part of the then Ministry of Home Affairs, is the nodal agency of the Government of India for administrative reforms as well as redressal of public grievances relating to the state in general and grievances pertaining to Central Government agencies in particular. The department disseminates information on important activities of the government relating to administrative reforms and public grievance redressal through management publications and documentation. It also undertakes activities in the field of international co-operation and exchanges to promote public service reforms.

4.2 This department, has, in the last few years, taken several initiatives with a view to bringing about improvement in the functioning and effectiveness of government departments:

(i) drawing up an agenda for reforms to be carried out in the central government as well as in States; and

(ii) undertaking through a Commission, a review of administrative laws which have become obsolete and no longer need to be in the statute book. The department also initiated an exercise on the part of departments having public interface to draw up their individual Citizen's Charter to indicate the commitments of that organization for quality and the time frame in which services performed by that organization would be completed for members of the public. Needless to say, the scope for improvement in this direction is literally unending and a constant effort needs to be maintained.

4.3 The total sanctioned strength in the Department of Administrative Reforms & Public Grievances, as on May 1, 2001 was 163 employees (Group 'A' 26, Group ‘B’ 52, Group ‘C’ 49 and Group ‘D’ 36). As against this number, those in position on that date was 151 (Group ‘A’ 23, Group ‘B’ 52, Group ‘C’ 45 and Group ‘D’ 31).

4.4 In the course of the last one year, the Department of AR&PG set up four committees on different issues with a view to identifying steps necessary for greater efficiency and less time-consuming processes in the discharge of various functions. As part of this exercise, a committee was set up for review of vigilance procedures as also a Committee on Appointments to Senior Posts in the central government. The recommendations which seek to simplify the procedures merit early acceptance. Government could also consider delegating to the Minister in charge of the concerned Ministry/Department the powers to appoint non-official members on the Board of Directors of CPSUs and nationalised banks instead of these having to be submitted to the Appointments Committee of the Cabinet. While delegating this power to the minister in-charge, guidelines could be prescribed to indicate clearly the disciplines (finance, public administration, health, etc.) and the geographical regions of the country (North-east, South, etc.) which should find representation on the body. This would greatly expedite decision-making in this sphere while at the same time preventing arbitrary exercise of power.

4.5 The recommendations include *inter alia*, establishment of Dispute Settlement Administrative Authorities, for attending to grievances of government employees in a quick and less cost effective manner. The report is under examination. The report of the committee on simplification of Recruitment Rules is awaited.

5. Restructuring of the Department of Administrative Reforms & Public Grievances

5.1 This Department comprises the following divisions:

(i) The Public Grievances Division, which is a nodal agency in the government for coordinating policies and activities related to public grievance redress and Citizens' Charter through different services and activities;

(ii) The Documentation and Dissemination Division, which carries out activities to facilitate the documenting and disseminating of information and experiences;

(iii) The Reforms Coordination and Information Technology Division, which coordinates the administrative reforms measures of the different ministries and departments of the government; this includes the aspect of information technology and implementation of the minimum agenda for e-governance in the Central Government;

(iv) The Organization and Methods Division, which works to continuously help in improving the internal functioning and procedures of the various ministries and departments; and

(v) The Administration and Coordination Division, which provides administrative support on staff and establishment matters.

5.2 The handling of policy formulation and individual grievances is at present done in the government through a decentralized system coordinated at the central level by several agencies, including the Public Wing of the Prime Minister's Office, the Directorate of Public Grievances (DPG) in the Cabinet Secretariat as well as the Department of Pension & Pensioners' Welfare and the Department of Administrative Reforms & Public Grievances. In so far as the Directorate of Public Grievances in the Cabinet Secretariat is concerned, it was set up in 1988 for handling individual grievances relating to ministries and departments that have considerable interface with members of the public. The directorate deals with 15 ministries and organizations as part of this arrangement. These are as follows: -

i) Ministry of Railways and its Undertakings;

ii) Banking Division, Ministry of Finance, including Public Sector Banks;
iii) Insurance Division and National Savings Scheme Division, Ministry of Finance, including Public Sector Insurance Companies LIC, GIC, and their subsidiaries;
iv) Department of Post;
v) Department of Telecommunications and Department of Telecom Services including MTNL and VSNL;
vi) Ministry of Urban Development including, DDA, CPWD, L&DO and Directorate of Estates;
vii) Ministry of Surface Transport and its Undertakings;
viii) Ministry of Civil Aviation, including Airports Authority of India, Indian Airlines and Air India;
ix) Regional Passport Authority under the Ministry of External Affairs;
x) Regional Provident Fund Commissioners under the Ministry of Labour;
xi) ESI Hospitals & Dispensaries directly controlled by ESI Corporation under the Ministry of Labour;
xii) Central Government Health Scheme under the Ministry of Health and Family Welfare;
xiii) Ministry of Petroleum & Natural Gas, including its Public Sector Undertakings;
xiv) Central Universities and Kendriya Vidyalayas under the Department of Education, Ministry of Human Resources Development;
xv) Department of Tourism.

5.3 In respect of the aforesaid ministries and organizations, DPG has the authority to call for files and officers so as to examine the complaints and recommend action for redressal. The experience has been that grievances have been effectively attended to by DPG and, in that sense, this arrangement has been a beneficial one.

5.4 The success of the arrangement relating to public grievances being operated by the Directorate of Public Grievances points to the need for centralising such work in this directorate. The items of work now handled by Department of Administrative Reforms in this area could therefore be transferred to the DPG. This would eliminate the confusion which exists in the public mind as to which really is the agency in the government dealing with and coordinating the work about public grievances pertaining to the Central Government. Besides, it would also lead to public grievances being dealt with in a more effective manner as the weight and stature of the Cabinet Secretariat would be behind the effort. This staff strength of this division in DPAR & PG is 30. If this work is to be attended to in DGP, adopting the desk officer system, it would be sufficient if no more than 15 positions are transferred to DPG. The remaining 15 positions could be surrendered.

5.5 One of the functions of the Documentation and Dissemination Division is dissemination of the decisions taken or the orders issued from time to time by various ministries and departments of the Central Government. This is done through the monthly Civil Services Newsletter. This division also brings out a quarterly magazine, for the sharing of administrative experiences and practices. This division also publishes the best practices, policies and new initiatives adopted by various State Governments, Union Territories and ministries and departments of the Central Government. While the first function can as well be performed by the Ministry of Information and Broadcasting, the other two can be entrusted to the Indian Institute of Public Administration. This division can therefore be wound up and all 28 posts in it abolished.

5.6 The remaining three areas, viz. Reform Coordination & IT, O & M, and international cooperation in public services, together form the core activities in the strategy for administrative reforms. Such reforms aimed at improving efficiency and effectiveness of the governmental machinery have received consideration attention and priority in recent decades the world over. The successful examples have been those where the unit or group spearheading such exercises is linked to the highest level in the government. In many countries such special groups are located in the Prime Minister's office or in the Cabinet Secretariat. Entrustment of such functions which involve day to day management responsibilities would however tend to divert the attention of these offices from more important matters. The present arrangement for carrying out this work could therefore be continued and those issues on which higher level guidance is considered necessary would no doubt be taken to the Committee of Secretaries, headed by the Cabinet Secretary, for discussions, as is already being done. Some of the detailed research and documentation so very necessary for taking decisions could be farmed out so that the department is able to devote more attention to larger and more important issues in this sector. Of the 39 positions in public service reform and IT and 62 in the administration not more than 30 positions would be required, if the desk officer system as recommended by the Pay Commission is adopted. The remaining 70 positions could be surrendered.

6. Attached and Other Offices

6.1 The ministry has several attached and other offices functioning under its administrative control. These are: -

i) Staff Selection Commission (SSC);
ii) Institute of Secretariat Training and Management (ISTM);
iii) Central Vigilance Commission (CVC);
iv) Central Administrative Tribunal (CAT);
v) LBS National Academy of Administration (LBSNAA);
vi) Central Bureau of Investigation (CBI);
vii) Union Public Service Commission (UPSC) and
viii) Public Enterprises Selection Board (PESB).

6.2 These can be categorized broadly as recruitment/selection agencies (UPSC, SSC and PSEB), Training Institutions (LBSNAA & ISTM), regulatory and advisory institutions (CVC and CBI) and a quasi-judicial institution for redressal of service-related grievances (CAT).

(a) Staff Selection Commission

6.3 The number of candidates for the various examinations conducted by the Staff Selection Commission has been constantly going up. As against 7.27 lakh candidates appearing in 1996 at the various examinations conducted by the SSC, the number in the year 2000 rose by over three times to 24.79 lakh, the figures for the three years in between being, respectively, 11.30 lakh, 13.12 lakh and 18.82 lakh. Thus, quite clearly, what is relevant here is not the number of vacancies for which recruitment is done but the number of applications which the Commission has to handle and process. With the state of unemployment being what it is and with government being still regarded as the best and safest employer, the workload from the viewpoint of recruitment is unlikely to go down in the short run.

6.4 Mention needs to be made that the SSC is out – sourcing several areas of its work -- pre-examination work of sorting of applications, affixing of roll numbers on application forms, despatch of roll numbers/admit cards is done through a data processor; similarly, post-examination work like opening of parcels, scanning of OMR sheets, evaluation of answer scripts etc. is also out-sourced.

6.5 Even so there is some scope for reduction of posts in the SSC. For one, a large proportion of the posts lying vacant for a long time can be abolished. Secondly, in the Electronic Data Processing side within the SSC, the staff strength would need to be scaled down in line with the actual requirements.

6.6 In the background of the increasing stress on e-governance and the fact that this will certainly change the future scenario with regard to recruitment policies, minimum qualifications for Group B & C employees and, consequently, the role of recruiting and training institutions concerned, there is need for the ministry to set up a multi-disciplinary group for laying down the guidelines and the road map for the years ahead.

6.7 Some years down the line a review should also be undertaken with regard to the Staff Selection Commission in the event that downsizing at the relevant levels in the government and a dramatic reorientation from the view point of computerization and e-governance lead to a qualitative change in the requirement of government for recruitment of personnel serviced by the Staff Selection Commission.

6.8 Some Ministries/organisations have their own recruitment boards/staff selection commissions. Railway Ministry is reported to have 18 recruitment boards. Where there is only one recruitment agency in an organisation it can be argued that notwithstanding the reduction in annual intake, the number of applicants continues to be large and as a result no downsizing will be possible in the staff strength of the recruitment boards. This argument cannot however be advanced when there is more than one recruitment board in an organisation. The Departmen of Personnel & Training would therefore need to urgently examine whether in organisations with more than one recruitment board, some of these boards shall not be closed down straightaway having regard to the considerable fall in the recruitment in recent years.

(b) Lal Bahadur Shastri National Academy of Administration

6.9 The Lal Bahadur Shastri National Academy of Administration (LBSNAA) located at Musoorie in Uttaranchal is primarily an institution for training of entrants to government service through the annual Civil Services Examination conducted by the UPSC. This responsibility is discharged by the Academy by means of a Foundational Course conducted for the bulk of the different services covered by the Civil Services Examination, besides imparting intensive and in-depth training to entrants to the Indian Administrative Service. The Academy also conducts programmes for in-service training of IAS officers, including officers appointed to the IAS from State Civil Services. As is well known, various services like the IPS, the Indian Revenue Service as well as the different Railway Services have training institutions in the form of the National Police Academy at Hyderabad, the National Academy for Direct Taxes at Nagpur and the Railway

Staff College at Vadodara. Other services, too, have similar institutions.

6.10 In so far as the Foundational Course for the All India and the Central Services is concerned, the objectives of this course remain broadly as they were formulated in 1982 and as given below:

(a) to promote esprit de corps among the probationers of different services, emphasizing the inter-dependence of various services as part of the higher civil services;

(b) to motivate probationers towards developing certain basic professional, administrative and human values;

(c) to impart a basic understanding of the constitutional, political, social, economic, legal, historical, cultural and administrative framework within which the services function.

6.11 There is a general perception that services other than the IAS do not lay great store by this programme and tend to think that the training of their probationers really starts only when they enter their exclusive training institutions run by their own services. It has also been pointed out that there is no sense of 'ownership' of this course among the other services. Considering the crucial role that the Foundation Course plays in bringing together officers of different cadres right at the beginning of their career it is necessary to remedy the situation without delay. The training institutes run by the other services would need to be associated in drawing up the syllabi for the Foundation Course. The senior staff members of these other institutes as also the heads and senior members of the other services should be provided an opportunity for interacting with the probationers through taking part in the conduct of the Foundation Course itself.

6.12 In addition to the induction and professional courses exclusively for IAS officers, the Academy also runs a large number of short duration courses, some for 2-3 days and some upto two weeks. Some of these are exclusively for IAS officers while in some, others also participate. There also many courses run exclusively for outsiders. In 1998, 22 such courses were organised most of them in Mussoorie; in 1999, 30 courses and in the year 2000, 27 courses. For these courses the Institute provides infrastructure and in most cases faculty support is also provided. The conduct of such courses whether the faculty participate in it or not does impose considerable strain on the faculty of the Academy at a juncture where their services should be available on a full time basis for the training of service officers. Moreover, many of the short term courses conducted at a hillstation tend to be looked upon as a holiday, with some of the trainees turning up with their spouses and children as well. It wil,l therefore, be desirable for the Academy to move away from conduct of such short duration training courses to organising longer term, say 2-3 months in-house training programmes exclusively for IAS officers.

6.13 But then the Academy could take on this role, only if the government decide on reorienting the training as well as the career development of the IAS officers. With the present emphasis on economic reforms, specialisation, at least, at senior levels, has become all the more important. Thus while a strong foundation in the form of district and field level work as well as tenure in 2 or 3 different sectors, in the States and or at the Centre, is a must, in the first 17 years of service, it becomes equally necessary to channelise officers, when they become due for appointment as Joint Secretaries in specific areas like agriculture, rural development and poverty alleviation, delivery of services in areas like health, education, civic amenities etc., WTO matters, industrial policy, personnel management, law and order maintenance etc., areas in which they can spend the rest of their career. If such career progression approach is adopted, then there will be merit in the Academy organising 2-3 month training courses for offices of 8-10 year seniority in processing of complicated files and in giving then exposure to the policy issues in the different sectors in a great way; For officers of 17-20 years seniority level, at which they become Joint Secretaries there could be intensive training in specific areas like agriculture etc. mentioned above. The entire batches that are due for promotion to these levels could be called for training in two lots every year. The Academy could provide the basic infrastructural support for these trainings. More importantly, it could also provide a good part of the faculty required for the 8-10 year seniority level training course. The Commission would therefore recommend the need for specialisation from the level of Joint Secretary onwards and linked to it, the Academy shifting over from organising short duration courses, to conducting 2-3 months course for IAS officers with 8-10 years of experience and 17-20 years of experience.

6.14 The last item relates to the composition of the faculty. Out of the sanctioned strength of 42 Group A posts, at present there are as many as 19 service officers in the faculty, not including the Joint Director and the Director in all! Even classes on Economics, Criminal and Civil Law and Constituency Law are taken by service officers. This position has come about because of the difficulty in recruiting specialists in such areas through the UPSC and the comparative ease with which officers of various services could be got on deputation. It is necessary that this situation is corrected immediately by taking action on two fronts. The first is to seek exemption from UPSC procedures to facilitate recruitment of such teaching staff on a contract basis for 2-3 years. The second is to access a panel of such experts who could be invited to come to the Academy for spells of 2-3 months. As the various courses, be it the Foundation Course or the Phase-I or Phase-II or the induction course for the promotees do not exceed three months duration it should be possible if things are planned well in advance to get such outside experts to come and take classes for one entire course. They could be paid lump sum honoraria for such work and given the facility of staying in the campus, along with their spouses as the guest of the Academy. Considering that many of these experts with an eye on career prospects may not be able to take time off for long periods from their regular work and also that at Mussoorie access to good quality research facilities are quite minimal, thus operating as a deterrent to good teachers, the prospect of getting such specialists for 2 to 3 months spells would appear to be a good bet.

6.15 It would be desirable for LBSNAA to be overseen by a high level and broad-based Academic Council. This could be chaired by the Cabinet Secretary, and include among others one or two Vice-Chancellors of Universities, a Director each from an IIT and IIM as also the heads of some other training institutions, whether of the government or non-governmental. Secretary, Personnel and half a dozen IAS officers (some serving and some retired) could form the balance composition of this Academic Council. If such a Council could meet once in a quarter or once in six months, it could provide very good guidance and thrust to the activities of LBSNAA. The basic task of the Council would be to lay down clearly the activities that the Academy could undertake, the kind of syllabus which it could follow in each of the training courses, assist and to review if called upon in the selection of specialists to be appointed on a contract basis, or for inclusion in the panel for being invited for 2-3 months spells and to generally oversee whether the Academy is functioning on expected lines. This arrangement will also ensure that the Academy works towards a long term goal, without frequent shifts in its mix of activities. In all administrative, managerial and financial matters the present practice of the Director reporting to the DOPT could be continued.

(c) Institute of Secretariat Training & Management

6.16 The Institute of Secretariat Training & Management (ISTM) has been providing training for over 3000 participants every year, though the number trained sharply dropped to 2200 in the year 2000-01. Considering the major changes that are taking place, particularly with the advances made in induction of IT facilities, and the need for training/retraining of secretariat staff, there is definitely a case for the various ministries/departments to depute more officials for such training. Even with the existing facilities and faculty strength this institute can aim at a much larger training coverage. As the measures for restructuring of activities and functions in different organisations gain momentum, the number of surplus personnel to be retrained and deployed would increase sharply. By closely coordinating with the surplus cell in DOPT, ISTM could play useful role in this task.

(d) Other Organisations

Four of the organisations coming under DOPT have not been covered in this report. The Central Vigilance Commission and the Central Bureau of Investigation were left out in view of the specialised nature of the work. The Union Public Service Commission and the Public Enterprises Selection Board were left out in view of the increasing number of applicants to be handled, not withstanding reduction in the number of positions in certain levels for which recruitment/recommendations are to be made. These organisations could be studied by the SIU.

Annex 'A'

DOPT	No. of Sanctioned Posts	No. of Posts filled up(01.5.2001)
Group A	80	78
Group B	258	198
Group C	256	235
Group D	187	183
Total	**781**	**694**

DAR & PG		
Group A	26	23
Group B	52	52
Group C	49	45
Group D	36	31
Total	**163**	**151**

DP & PW		
Group A	14	14
Group B	39	36
Group C	32	29
Group D	18	17
Total	**103**	**96**

Annex 'B'

S. No.	Office	Group-A		Group-B		Group-C		Group-D		(As on 1.5.2001)	
		Sanctioned Strength	In Position	Sanctioned Strength	In Position	Sanctioned Strength	In Position	Sanctioned Strength	In Position	Total	
1.	S.S.C.	38	32	151	143	221	195	142	109	552	479
2.	ISTM	20	10	13(G) 16(NG) 29	13(G) 16(NG) 29	25	21	29	28	103	88
3.	CVC	45	42	41(G) 50(NG) 91	39(G) 47(G) 86	72	69	72	72	280	269
4.	CAT	49	48	334	269	501	473	408	399	1292	1189
5.	LBSNAA	42	26	11(G) 16(NG) 27	9(G) 14(NG) 23	123	117	137	128	329	294
6.	CBI	615	419	199	164	4925	4219	144	116	5883	4918
*7.	UPSC	176	169	172(G) 412(NG)	171(G) 411(NG)	838	681	561	517	2159	1949

SSC – Staff Selection Commission
ISTM – Institute of Secretariat Training and Management
CVC - Central Vigilance Commission

CAT - Central Administrative Tribunal
LBSNAA – Lal Bahadur Shastri National Academy of Administration
CBI – Central Bureau of Investigation
UPSC – Union Public Service Commission

* Information as on 31.3.2000.

PART III

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF TRIBAL AFFAIRS

Rationalisation of the functions, activities and structure of the Ministry of Tribal Affairs

Ministry of Tribal Affairs

1. The Ministry of Tribal Affairs is the nodal ministry for planning, promotion, coordination and overseeing implementation of programmes for the development of Scheduled Tribes (ST). Compared to the Ministry of Social Justice and Empowerment, from which it branched off in October 99, the Ministry of Tribal Affairs has a single objective i.e, promotion of welfare of Tribals. According to 1991 census there were 67.76 million tribals, comprising 8.08 per cent of India's population. Unlike Scheduled Castes, they are concentrated in certain parts of the country, mostly in remote afforested hilly regions. They have a certain cultural identity distinct from the general population. They are also economically much weaker than others. The Planning Commission estimated in 1993-'94 that of the ST population, 51.92% in rural areas and 41.14% in urban areas were below the poverty line. Against the national average of 52%, the literacy rate amongst tribals is around 29.60%. More than three quarters of ST women are illiterate. Even among the tribals there are certain groups which need extra help to overcome their drawbacks. According to the Ministry's annual report, 1999-2000, 'Based on pre-agricultural level of technology, low level of literacy and stagnant population' 75 Primitive Tribal Groups have been identified in 15 States and Union Territories.

2. A special ministry to safeguard the interests of tribals is definitely justified. Various Constitutional provisions emphasize the need for a strong watchdog and

protector of tribal identity, their habitat, and natural wealth. This is also necessary to prevent their exploitation by many unscrupulous, vested interest groups.

3. Concentration of STs in certain areas facilitates dissemination of benefits of area specific general schemes to ST population of the area too. There are 194 Integrated tribal Development Projects (ITDPs), set up in Blocks/group of Blocks where ST population is more than 50% of the total population. Villages with a population of 10,000 or more and having 50% or more tribal population form pockets under Modified Area Development Approach (MADA) and 259 such MADA pockets have been created. In addition, 82 clusters have also been formed for groups of villages having population of 5,000 or more but where STs constitute more than 50% of the population. In other words, in these areas of ST concentration, it becomes feasible to reach the benefits of the welfare programmes of other agencies in the field of education, health etc. to the ST population.

4. The thrust areas identified by the Ministry include development of Primitive Tribal Groups; setting up of 100 model residential schools; development of infra-structural facilities in tribal areas; encouraging research in tribal affairs; and monitoring utilization of funds released to States/Uts and NGOs under various Central Sector and Centrally Sponsored Schemes. The Ministry gives Special Central Assistance (SCA) to 20 Tribal Sub-Plan States/ Uts as an additive to their own outlays. These grants are meant basically for family oriented income generating schemes.

5. The Ministry supports 14 Tribal Research Institutes located in different States. A National Institute for Research & Training in Tribal Affairs is also being set up. The Ministry also has under it Tribal Cooperative Marketing Federation of India Limited

(TRIFED) – an apex body for ensuring remunerative prices for Minor Forest Produce (MFP) and Surplus Agricultural Produce (SAP) of the tribals and to protect them from exploitation. Apart from making equity contribution, the Ministry also provides price support to TRIFED. In addition, in April, 2001, National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) was bifurcated to form a separate National Scheduled Tribes Finance and Development Corporation(NSTFDC). It is a fully owned Government of India Undertaking and is managed by a board of directors with representation from Central Government, state level channelising agency, financial institutions and persons representing scheduled tribes etc.

6. The Ministry has a total provision of Rs.1045 crore in the budget for the current year. Of this, the Plan provision is as much as Rs.1040 crore spread over 26 schemes. A list of these schemes is given at Annex I. It can be argued that in areas like this the ideal course would be to transfer the funds to the states, leaving it to them to formulate and implement such schemes as they deem fit. But then two points militate against such an approach. First, given the fiscal constraints faced by most states, it cannot be said with certainty that the funds released for the benefit of the ST population would actually reach them section and not get directed for other purposes. Second, numerous audit reports and even findings of Parliamentary Committees point to large scale under utilisation of funds, implementation of programmes in a routine manner and so on. Thus, while the states should have a greater role in the finalisation and implementation of such programmes, Central role in the form of earmarking of funds, overall supervision etc. would still be necessary.

In the circumstances, the Ministry could explore the feasibility of following the macro-management approach recently adopted by the Department of Agriculture and Cooperation. Under this approach, while the Centre prepares a large basket of schemes, the States are allowed the freedom and flexibility to choose for implementation those schemes which in their judgement are more suited to their requirements. The States also advise on the changes necessary in the selected schemes. The proposals of the states are then discussed and finalised. Thereafter the release of funds and monitoring is done with reference to the schemes as approved for each state individually. The larger role assigned to the States secures their interest in the implementation of the scheme. In turn, by reducing the load of supervision it also enables the central ministry to devote more attention to policy making, laying broad guideless for the various programmes and interaction with the other concerned Central ministries.

7. In respect of the corporations, there is a need to have their capability and effectiveness evaluated by an expert body. Two aspects of corporations' working need to be addressed in particular. Firstly, whether in the light of available experience corporate structure is the best possible way of promoting self-employment amongst the tribals? Secondly, if indeed it is the best option then, how should it be organized and manned so that it is able to effectively guide and support its beneficiaries? For instance, a marketing agency like TRIFED may be needed to prevent exploitation of tribals when it comes to selling their produce, but should it be a government corporation? TRIFED's record has been dismal. On the other hand, a professionally run co-operative like NDDB might hold out promise of a much better

deal for all concerned. Hence, the need for an expert assessment and review of the corporate structure adopted so far.

8. The organizational chart of the Ministry is at Annex II. At the secretariat level, the Ministry is headed by a Secretary assisted by a Joint Secretary and 5 sanctioned posts of Directors/Dy. Secretaries and other staff. Against a total of 96 sanctioned posts, 69 were filled up till the beginning of August, 2001. Of the vacant posts, 3 belong to Gr.A, 10 to Gr. B, 13 to Gr. C, and 1 to Gr, D category. Considering that this is a small compact ministry, no changes are suggested either in the structure or in the staff strength. However, if the macro management approach is adopted, the requirement of staff strength will go down. It is therefore, recommended that the filling up of the vacant posts should be done after careful deliberations and in consultation with the Ministry of Finance.

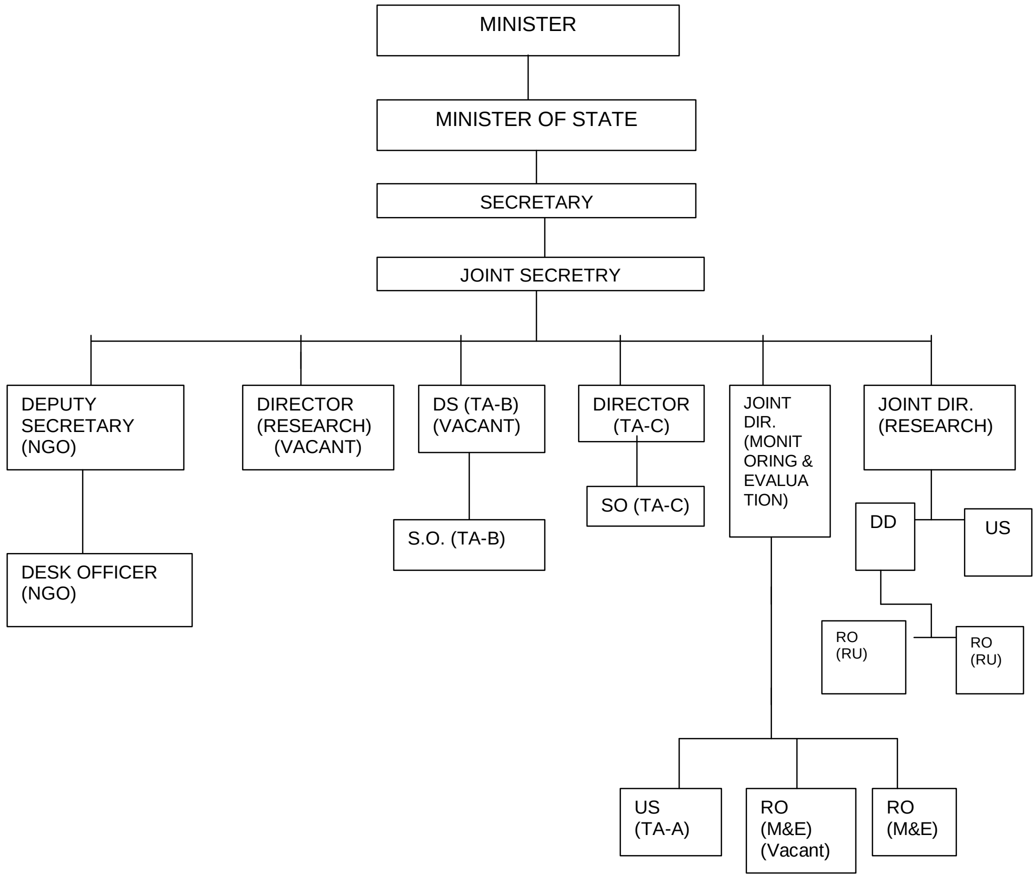
Statement showing the B.E. 2001 -02 in respect of Plan Schemes

(Rs. In crore)

S.No.	Name of the scheme/item	B.E. 2001-02
1.	Special Central Assistance to Tribal Sub Plan	500
2.	Article 275(1)	300
3.	Post Matric Scholarship	63
4.	Girls Hostel for STs	10.5
5.	Boys Hostel for STs	10
6.	Supporting project of All-India for Inter-State nature	0.5
7.	Price Support to TRIFED	4
8.	Research & Training	3.5
9.	Educational Complex	7
10.	Vocational Training in Tribal Areas	11
11.	Grant-in-Aid to State Tribal Development Coopt. Corps	12
12.	Assistance to Vol. Orgns.	27
13.	Grain Banks scheme	2
14.	Dev. Of Primitive Tribal Group	14.5
15.	Coaching and Allied	1.2
16.	Book Bank	0.8
17.	Upgradation of Merit	0.3
18.	National Institute of Tribal Affairs	3.5
19.	Ashram Schools in Tribal Sub Plan Areas	12.5
20.	Lumpsum provision for North East	24
21.	Information & Mass Media	1.5
22.	Special Incentive to NGOs	0.4
23.	Exchange of visits by Tribal Communities/delegates	0.2
24.	State Tribal Dev. Fin. Corporation	2
25.	Investment in TRIFED	1
26.	National ST Finance and Development Corporation	25
	TOTAL	**1040**

Annex II

ORGANISATION CHART
MINISTRY OF TRIBAL AFFAIRS



PART IV

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF CIVIL AVIATION

Rationalisation of the functions, activities and structure of Ministry of Civil Aviation

Table of Contents

<u>Ministry of Civil Aviation</u>

Executive Summary

1. The 1997 policy on Airport Infrastructure mentions interalia that the DGCA is to be converted into a Civil Aviation Authority with full powers and regulations over all aspects of aviation industry. This proposal needs to be processed and put in place early. Pending this, action could be initiated for matching recoveries to be raised for meeting the expenditure on DGCA.
2. The SIU had on the basis of a study in 1998 determined that 166 posts out of a total sanctioned strength of 696 posts in DGCA were surplus. These 166 posts should be abolished forthwith.
3. Considering the Airport Authority of India's comfortable resource position the feasibility of reducing further the draft on government budget support should be explored.
4. Considering the crucial importance of this sector to the growth of economic activity, all steps should be taken to ensure that plan allocations are fully utilised.
5. Following the recommendations of the Parliamentary Standing Committees the Ministry should take urgent action for phasing out the subsidy on operation of Haj charters. Pending finalisation of the modalities in this regard, action should be taken to freeze the subsidy at the present level.
6. The feasibility of suitable private parties participating in the management as well as financing of Indira Gandhi Rashtriya Uran Academy should be explored. If these efforts do not fructify say in the next one year or so, then this academy should be closed down w.e.f. 1.4.2003.
7. In the Bureau of Civil Aviation Security the 20 posts out of a total of 279 found surplus on the basis of a SIU study should be abolished straightaway.
8. This bureau is a regulatory authority and it should not be engaged in executive functions like bomb detection and disposal, dog squads, etc. These functions should be entrusted to suitable other agencies like CISF,

state police etc. and the positions created for this purpose in the BCAS should be abolished.

9. The question whether the Commission of Railway Safety should continue to function under the Civil Aviation Ministry or should be transferred to the Ministry of Railways should be settled early.

10. One post of Joint Secretary which was redeployed from the strength of Ministry of Tourism in 1995-96 and continued in the Civil Aviation Ministry since then should be abolished immediately.

11. The present arrangement of the Secretary of the ministry functioning as the Chairman of Air India for several years now and of the Joint Secretary functioning as the Chairman and Managing Director of Indian Airlines for over one year now should be terminated. These arrangements could lead to conflict of interest situations in the disinvestment process and in providing a level playing field.

12. Considering that the post of Chairman and Managing Director of the Indian Airlines is a full time one the present practice under which the Joint Secretary of the Ministry is also functioning as the CMD of the Indian Airlines clearly shows that the functions attached to this post of Joint Secretary are not onerous. This post of the Joint Secretary could therefore be abolished and the duties attached to this post be allocated to the other Joint Secretary of the Department.

Rationalisation of the functions, activities and structure of Ministry of Civil Aviation

1. Introduction

1.1 Flying activity within Indian airspace was controlled by the Department of Industries and Labour of the Government of India until 1927. The commencement of airline operations between London and Karachi, and their further expansion across India, as well as the setting up of flying clubs within the country in 1929 required more specific regulatory measures on flying club activity. The Government of India created a Directorate of Civil Aviation for this purpose in 1927. Both the number of aerodromes as well as the number of aircraft operations, was very limited at that time.

1.2 The construction of more than 80 aerodromes in different parts of the country during the Second World War, created the impetus for the growth of civil aviation. The post of Director General of Civil Aviation was created in the year 1945, and this was when the Civil Aviation Department took shape. Department of Civil Aviation was created in June 1964.

1.3 On the recommendations of the Tata Committee, the International Airports Authority Act was passed in 1971 and the four International Airports at Delhi, Bombay, Calcutta and Madras were entrusted to the International Airports Authority of India. (Trivandrum airport was also handed over to the Authority in 1991). The management and operation of the remaining (domestic) aerodromes was entrusted to the National Airports Authority created under the National Airports Authority Act, 1985. In addition, the Authority was made responsible for provision of Air Traffic Services and the communication facilities. However, the regulatory control of civil aviation activities in India continued to remain with the DGCA.

1.4 Ministry of Civil Aviation is responsible for the formulation and implementation of national policies and programmes in the civil aviation sector. The Ministry oversees the development and regulation of civil aviation in the country including inter-alia establishment of new aerodromes, maintenance and upgradation of the existing aerodromes, regulation of carriage of traffic by air and ensuring civil aviation security.

Railway Safety, including enquiries into serious railway accidents also constitutes one of the functions of the Ministry.

1.5 The list of functions of the Ministry of Civil Aviation, as embodied in the Allocation of Business Rules of the Government of India, is given in **Annex I**.

1.6 The Indian Civil Aviation sector has taken significant strides during the past 50 years. Two national air carriers – Indian Airlines Ltd. and Air India Ltd. – have helped in providing connectivity to the distant corners in and outside the country. It has been possible to develop and put in place a fairly advanced air navigation system and upgradation of a number of airports / aerodromes have taken place. Liberalisation of the air market has also taken place during the ninety's. The accent has now to be on the provision of increased services in the North-East region apart from enabling the sector to become a cost effective facilitator for sustainable development of trade and tourism.

1.7 The civil aviation sector is monitored and regulated by two separate organisations under the Ministry of Civil Aviation i.e. the Directorate General of Civil Aviation and the Bureau of Civil Aviation Security. The Chief Commissioner of Railway Safety and the organisation under him take care of the functions pertaining to Railway Safety. The Ministry has the following Public Sector Undertakings / Companies / Autonomous Bodies under its administrative control :-

(i) Air India Limited and its wholly owned subsidiaries viz. Hotel Corporation of India Limited and Air India Charters Limited.

(ii) Indian Airlines Limited and its wholly owned subsidiary viz. Airlines Allied Services Limited.

(iii) Airports Authority of India.

(iv) Pawan Hans Helicopters Limited.

(v) Indira Gandhi Rashtriya Uran Akademi.

1.8 **Annex II** gives the organisation-wise break up of the planned and non-plan provisions for the last three years. The position is summarised as below:-

(Rs. In crores)

Actual 1999-2000	Budget Estimates 2000-2001	Revised Estimates 2000-2001	Budget Estimates 2001-2002
195.79	222.04	238.36	277.97

The provisions in the Ministry's budget are substantially for Non-Plan. The budget support for the Plan component is relatively small – actual outgo in 1999-2000 was Rs.36 crores, and the provision in B.E. 2001-02 is Rs.63 crores. The Plan outlay of the Ministry is, however, very much larger and is financed mostly by Internal and Extra Budgetary Resources (IEBR). Thus the total Plan outlay for 2001-02 of the Ministry is Rs.1641 crores, financed by IEBR of Rs.1578 crores, and budgetary support of Rs.63 crores.

1.9 The organisation-wise details of the approved Plan outlays for the current year and the financing pattern thereof are as under:-

Year 2001-02 (Rs. In crores)

S.No.	**Organisation**	**Approved Outlay**	**Budgetary Support**	**IEBR**
1.	Air India	445.44	---	445.44
2.	Indian Airlines	460.00	---	460.00
3.	Airports Authority of India	573.71	50.85*	522.87
4.	Pawan Hans Helicopter	127.00	---	127.00
5.	Hotel Corporation of India	23.00	---	23.00
6.	Indira Gandhi Rashtriya Uran Academy	1.25	1.25	---
7.	Director General of Civil Aviation	5.50	5.50	---
8.	Bureau of Civil Aviation Security	5.41	5.41	---
	TOTAL	***1641.31***	***63.01***	***1578.31***

- *Includes Rs.39.15 crores for projects in North-Eastern regions, Sikkim and other priority areas; Rs.10.79 crores for Amritsar Airport and Rs.0.90 crores as assistance from OECF for Aurangabad Airport.*

1.10 Under Non-Plan the major expenditure is payment to Air India Ltd. for operation of Haj Charters, the provision in B.E. 2001-02 being Rs.154.50 crores.

2. Directorate General of Civil Aviation

2.1 The Directorate General of Civil Aviation (DGCA) is the principal regulatory body in the field of Civil Aviation. It is responsible for regulation of air transport services to / from / within India and for formulation and enforcement of civil air regulations, air safety and airworthiness standards. It also co-ordinates all regulatory functions with International Civil Aviation Organisation.

2.2 The DGCA, headed by the Director General of Civil Aviation with headquarters in New Delhi, has the following Directorates under it:-

- i) Directorate of Regulations and Information
- ii) Directorate of Air Transport
- iii) Directorate of Airworthiness
- iv) Directorate of Air Safety
- v) Directorate of Training and Licensing
- vi) Directorate of Aerodrome Standards
- vii) Directorate of Flying Training
- viii) Directorate of Flight Inspection
- ix) Directorate of Research & Development
- x) Directorate of Administration

2.3 The functions of the DGCA are set out in **Annex III**.

2.4 The expenditure on the DGCA as projected in the RE for 2000-01 was Rs.20.19 crores (Plan – Rs.4.80 crores and Non-Plan – Rs.15.39 crores). The provision for the current year is Rs.22.76 crores (Plan – Rs.5.4 crores and Non-Plan – Rs.17.36 crores).

2.5 Apart from private sector airlines being allowed to operate, Government have already announced that steps will be taken to encourage participation of private parties (including foreign ones) even in ownership/management of Air Ports. The Policy on Airport Infrastructure, announced by the Government in December 1997 *inter alia* states:-

> ”What is needed now, in view of the worldwide thrust towards corporatisation and privatisation of airports, is a strategy that permits utmost latitude in the patterns of ownership and management of airports in the country. Thus, airports may be

owned by the Central Government, PSUs, State Government, Urban local bodies, private companies and individuals, as also by joint ventures involving one or more of the above. Similarly, it would be best to keep all the options open in respect of the management of airports or parts of airports. These could be on Build-Own-Transfer (BOT), Build-Own-Lease-Transfer (BOLT), Build-Own-Operate (BOO), Lease-Develop-Operate (LDO), Joint Venture, Management Contract, or Wrap-around Addition basis. In each individual case, the exact pattern could be negotiated, depending on the circumstances".

2.6 The 1997 Policy also mentions that there will be "a legislation for conversion of the DGCA into a Civil Aviation Authority with full powers and regulations over all aspects of the aviation industry". The setting up of this Authority needs to be expedited. Moreover, when the Authority is set up, it will be expected to raise adequate resources for its activities. There is as yet no clear indication as to when the Authority will be actually set up. Steps could, therefore, be initiated straightaway for ensuring that while for the present the expenditure on DGCA continues to be met from the budget, there should be matching recoveries. Towards this end, the feasibility of suitably increasing the Passenger Service Fee (PSF) etc. and earmarking a certain proportion of it towards covering the expenditure on DGCA could be explored. The modalities of such a mechanism should be finalised in time so as to be fully reflected in the Budget for the year 2002-03. Such a policy for meeting the expenditure on DGCA will be in the nature of an extension of the policy introduced in1996-97 with regard to payments towards expenditure for security measures at airports. More recently, pursuant to the decision of the Government to induct CISF for undertaking the security work in the airports, Government have notified upward revision of PSF for the domestic passengers and also imposition of PSF on international passengers, with effect from 1.4.2001 to enable AAI to meet this additional expenidture.

2.7 The Staff Inspection Unit (SIU) of the Ministry of Finance had undertaken a study of the DGCA's offices in 1998, except for the Research & Development Directorate which was accepted as a scientific organisation. The SIU study had determined that of the total of 696 posts, 166 posts, including 82 posts in the non-technical categories viz. Section Officer and below as well as Group D could be abolished. The office wise break up of this number is at **Annex-IV**. Action should be taken immediately to abolish all the 166 posts found surplus by the SIU.

3. Airport Authority of India

3.1 As mentioned earlier, International Airports Authority of India (IAAI) was set up in 1971 under the International Airports Authority Act, 1971 and the National Airports Authority (NAA) was set up in 1985 under the National Airports Authority Act, 1985. In order to achieve better administration and cohesive management of airports and aeronautical communication stations, IAAI and NAA were merged into the Airports Authority of India (AAI) by an Act of Parliament – Airports Authority of India Act, 1994.

3.2 The functions of AAI, as enunciated in the AAI Act, 1994, are given in **Annex–V** for ready reference. AAI has declared that its Mission is to achieve progress through excellence and customer satisfaction with world class airport and air traffic services, fostering economic development.

3.3 AAI manages 5 International Airports, 87 Domestic Airports and 28 Civil Air Terminals at Defence Airfields. It controls and manages the entire Indian airspace extending even beyond the territorial limits of the country.

3.4 In terms of the 1994 Act, AAI charges, with the prior approval of the Central Government, fees or rent

a) for the landing, housing / parking of aircraft and other services offered in connection with aircraft operations at any airport. (In this context "aircraft" does not include aircraft belonging to armed forces of the Central Government and "aircraft operations" does not include operations of any aircraft belonging to the said forces);

b) for providing air traffic services, ground safety services, aeronautical communications and navigational aids and meteorological services at the airports and at aeronautical communication stations;

c) for the amenities given to the passengers and visitors at any airport;

d) for the use and employment by persons of facilities and other services provided by the Authority at any airport.

The Authority also charges fees or rent from persons who are given facilities by the Authority for carrying out trade or business at the airports.

3.5 AAI has been taking action to increase the airport charges from time to time, in consultation with the Users Charges Panel of International Airports Transport Association (IATA) and with the approval of Government of India. Upward revision of some or all the items of charges – Route Navigation Facility Charges (RNFC) and Terminal Navigation Landing Charges (TNLC), landing, housing and parking charges etc. at domestic / international airports – are also effected from time to time.

3.6 The following Table summarises the data on revenue – Traffic and Non-Traffic – as also expenditure, profits and other aspects of the working of AAI during the five years of its existence :-

(Rs. in crores)

	1995-96	**1996-97**	**1997-98**	**1998-99**	**1999-2000**
Traffic Revenue	608.57	717.29	736.72	851.65	942.52
Non-Traffic Revenue	394.76	424.83	542.92	739.62	748.76
Total Revenue	**1003.33**	**1142.12**	**1279.64**	**1591.27**	**1691.28**
Total Expenditure	727.28	896.43	963.45	1255.49	1346.55
of which:					
i) Pay & Allowances	195.52	237.22	280.24	425.62	450.73
ii) Depreciation	112.39	117.26	170.21	212.90	244.27
Net profit before Tax (NPBT)	276.05	245.70	316.19	335.78	344.73
Less Provision for Tax	130.89	113.61	120.05	127.37	133.35
No. of employees	18778	18251	20708	20813	20614
Annual Plan					
Plan Outlay	515.16	501.89	455.50	538.12	625.04
Actual Expenditure	362.44	312.24	338.54	319.87	360.63
Financed as under:					
Internal Resources Utilised	228.52	222.93	264.49	278.62	313.13

North East Council Grant	9.97	10.96	17.00	---	15.00
Budgetary Support from Govt.	39.60	18.06	10.00	25.00	25.00
Other Resources (includes loan from Malabar International Development Society and AP Govt. for development of airports)	84.35	60.29	47.05	16.25	7.50
Dividend for the year	29.03	26.42	39.23	41.68	42.28

The overall financial picture is a healthy one, with a major portion of the plan outlay being financed by internal resources. However, two points merit attention. First, given its overall comfortable resources picture, AAI could explore the feasibility of reducing further the draft on government budget support. Even if some new, not financially viable activity has to be undertaken due to certain larger considerations, AAI could afford to finance it through cross subsidization. Second, there are large shortfalls in utilisation of plan allocations, as 40% in 1998-99 and 1999-2000. Considering the crucial importance of this sector to the growth of economic activity and also given the comfortable resources position, all steps should be taken to step up expenditures to the levels planned.

4. Subsidy for operation of Haj Charters

4.1 An item which accounts for a major portion of the non-plan budget of the Ministry of Civil Aviation is payment to Air India for the operation of Haj Charters. Over the years, the requirement of funds under this item has been increasing, as may be seen from the following data:-

(Rs. in crore)

YEAR	AMOUNT
1996-97	37.38
1997-98	76.66
1998-99	122.58
1999-2000	112.00
2000-2001(R.E.)	137.00
2001-2002 (B.E.)	154.50

The sharp increase in this subsidy is due to increase in the number of pilgrims as well as the increase in the charter flight rates.

4.2 In this context, the following are relevant:-

(i) The Parliamentary Standing Committee on External Affairs had gone into the issue in detail some time back and recommended in its 1st Report presented to the Parliament April 1993, had recommended that the Government should progressively reduce and eventually eliminate the element of subsidy on the transportation of Haj pilgrims to and from India.

(ii) The Parliamentary Standing Committee of the Ministry of Civil Aviation in its 9th Report for Grants for 1994-95 had recommended that the amount in this regard should be withdrawn in phases.

(iii) The Committee in the 32nd Report on Demands for Grants for 1998-99 noted that the Ministry of Civil Aviation in their reply to the aforesaid recommendation had informed that 'a beginning has already been made in 1994 to reduce the subsidy element. This effort will be continued.' The Committee went on to observe as under in the said 32nd Report:-

"The Committee notes that the amount of subsidy has increased from Rs.42 crores to Rs.76.66 crores in 1997-98, which has further increased to Rs.122.58 crores in the year 1998-99, despite the Committee's recommendations to phase out the subsidy element. In the light of the earlier recommendations, the Committee is of the opinion that the entire mechanism of subsidy should be reviewed to ensure that the amount of subsidy is not inflated due to mismanagement of the chartering of flights for the purpose and in the meanwhile the concession of subsidy be extended to the other communities on the comparable basis."

Allowing this subsidy amount to rise sharply from year to year is bound to lead to requests for similar subsidies from other communities. As such, and also considering that Parliamentary Committees themselves have recommended phasing out of this subsidy, the Ministry should initiate urgent action in this regard. Pending finalisation of the modalities of phasing out this subsidy, action could be taken to freeze the subsidy at the present level, by limiting the number of persons to be covered as also the subsidy on the charter fares at the present level.

5. Indira Gandhi Rashtriya Uran Academy

5.1 The Indira Gandhi Rashtriya Uran Academy (IGURA) was set up with the avowed objective of bringing about a quantum improvement in the standards of flying and ground training of commercial pilots in the country.

5.2 Last year the Ministry released to IGRUA, grants totaling Rs.9.56 crores (Plan - Rs.6.41 crores and Non-Plan - Rs.3.15 crores). The provision on this account for 2001-02 is Rs.4.75 crores (Plan – Rs.1.25 crores and Non-Plan - Rs.3.5 crores).

5.3 Capital grant, totalling about Rs.13 crores required for setting up IGRUA was provided by Government of India during 1985-86 – 1988-89. The revenue expenditure was being met by Air India and Indian Airlines, upto 1993-94. From 1994-95 onwards, as the financial liability on this account could not be fully met by these two organisations, Govt. of India have also been giving revenue grant. Beginning from 1997-98, Government of India have resumed release of Capital grant also, the amount released being Rs.27 crores during the three years 1997-98 to 1999-2000.

5.4 IGRUA has been continuously incurring revenue deficit. The following Table summarises the year-wise position of revenue grants received by, and expenditure of IGRUA, during the five years ending March 2000:-

(Rs. In Lakh)

Year	Revenue Grants received from			Expenditure
	Govt.	Others (Air India / Indian Airlines)	Total	
1995-96	100.00	155.00	255.00	299.20
1996-97	100.00	50.00	150.00	329.31
1997-98	120.00	150.00	270.00	447.00
1998-99	323.00	200.00	523.00	506.90
1999-2000	270.00	150.00	420.00	752.48

5.5 The cost of training of one pilot in the Academy, including direct and indirect expenses, is estimated at about Rs.15 lakh if 40 trainees are inducted per annum. The number of pilots already trained during the last 15 years has, however, been much less – less than 25 in the earlier years, and 10 or less in the last few years, reflecting the slump in the demand for commercial pilots for some years now. In all in the last 15 years of its existence, IGRUA has completed the training of about 350 pilots, including about a dozen foreign nationals, apart from providing refresher training for about 100 pilots.

5.6 In these circumstances there is no soft option available for dealing with the future of IGRUA. Government of India have already injected capital funds of the order of Rs.40 crores in it, apart from grants on revenue account, totalling Rs.10.31 crores. At the present level of operations IGRUA's demands on government for non-plan support can only increase. It is, therefore, recommended that the Ministry should explore with the different Airlines and those in the industry, the feasibility of suitable private sector parties participating in the management as well as financing of IGRUA. The modalities to be worked out could *inter-alia* provide that the capital assets created with Government funding would be maintained in good order and any change in the manner of utilisation thereof would require prior Government approval. If such efforts do not fructify, say, in the next one year or so, there will be no option but to close down IGRUA with effect from 1.4.2003.

6. Bureau Of Civil Aviation Security

6.1 The Civil Aviation Security set up in the Ministry of Civil Aviation came into being in 1978-79, pursuant to the recommendations of a Committee set up to examine all aspects of the hijacking of the Indian Airlines plane to Lahore in September 1976. Prior to 1978-79, the Ministry of Home Affairs, which was responsible for internal security in the country, was responsible for security of airports as well.

6.2 The Directorate of Civil Aviation Security (DCAS) was set up initially as a small cell under the DGCA. Subsequent to the crash of Air India's KANISHKA in June 1985, and a review of the methods for increasing security – in air as well as on ground – it was decided to strengthen the DCAS, to enable it to monitor effectively and frequently whether the minimum security instructions were being followed or not. The need to have Senior Officers, in the Civil Aviation Security set up, who can be sent out to carry formal and surprise inspections of the security arrangements at the airports was also accepted. Further it was decided that there was need to have a small cell in the above set up to coordinate the Intelligence reports which may be received from various agencies and disseminate the same by the quickest possible means. Accordingly the Cell, which was under DGCA, was made independent as a separate body named as Bureau of Civil Aviation Security (BCAS), and the post of Director of Civil Aviation Security was redesignated as Commissioner of Civil Aviation Security.

6.3 BCAS is an attached office of the Ministry. It has four Regional Offices in Delhi, Kolkata, Mumbai and Chennai. The Bureau has established Bomb Detection and Disposal Squads (BDDS) equipped with sophisticated equipment at the four international airports at Mumbai, Kolkata, Chennai and Delhi, and also at Srinagar, to detect explosive devices / materials at the airports. The Bureau has provided electronic aids for pre-embarkation checks. BCAS is also in the process of procuring Real Time X-Ray System, Bomb Suits, Electronic Stethoscope and Hook & Line Sets. BCAS has a budget provision of Rs.10.41 crore in the current year

6.4 The Bureau is responsible for laying down the standards of pre-embarkation security and anti-sabotage measures in respect of civil lights in India. The Bureau keeps a constant vigil and monitors the enforcement of the security measures. Actual enforcement on the ground is entrusted to the respective State / UT Police and CISF. The Bureau also issues airport entry passes and photo identification cards to officers and staff of various organisations who have their offices in the vicinity of airports.

6.5 There is scope for a clear demarcation of the role of BCAS vis-à-vis AAI in this area. Thus while BCAS was intended to be a body for ensuring that proper security arrangements in respect of the airports, passengers and cargo – checked in and registered – are in place, and its role was to be a surveillance agency, in practice it seems to have assumed the role of an implementing agency as well. This aspect has also been referred to in the 38th Report on Demands for Grants (1999-2000) of the Parliamentary Standing Committee of the Ministry of Civil Aviation, as may be seen from the following extract of the Report :-

"The Bureau of Civil Aviaition Security looks after Civil Aviation Security and Airport Security in all aspects. The bureau issues from time to time instruction and guidelines to State / Union Territory Police, airport authorities and air carriers about measures to be enforced to prevent hijacking and other terrorist activities and for ensuring security at airports.

During deliberations the Committee was informed that there is duplicity[*] between BCAS and AAI at the airports such as procuring of baggage X-ray machines and other security related equipments and their operationalisation, maintenance and over all control. The Committee feels that there is an overlapping of the functions between AAI and BCAS. The Committee, therefore, recommends that the role and functions of BCAS may be reviewed and only one agency, may be entrusted with the work relating to the management of airports in all respects."

6.6 The draft Civil Aviation Policy, which is being finalised, also *inter-alia* recognises that while BCAS will be responsible for effective civil aviation security, the same will be ensured through suitable agencies, and that strict security standards / security programme will be set by BCAS as per ICAO Standards and recommended practices and also enforced by BCAS through regular security audit of various agencies involved. It also accepts that the cost of security will be met by AAI with suitable modalities.

6.7 A SIU study of BCAS conducted last year has brought out the following points:

i) The 279 sanctioned posts include 55 non-technical posts. The posts on the technical side include 23 Dog Handlers, 28 Bomb Technicians and 28 Asstt. Bomb Technicians.

ii) Twenty posts, out of the total of 279 have been found to be surplus. The category wise break up of the sanctioned strength and assessed strength is given in **Annex – VI.**

iii) BCAS, though a regulatory authority, is at present engaged in executing some of the functions that are to be regulated. Reference has been made in this context to the Bomb Detection & Disposal Squad / Dog Squad,

[*] * This is how it figures in the report.

which are functioning in the BCAS. Such executive functions should be entrusted to other agencies (like CISF, State Police, etc.).

6.8 In the light of these findings urgent action is therefore required in the Ministry for:

(i) Abolition of the 20 posts found surplus by the SIU in the Head Office and Regional offices;

(ii) Ensuring that appropriate agencies do take up the executive functions in areas like Bomb Detection and Disposal Squad, Dog Squad etc., so that BCAS as a regulatory Body is not required to take up such functions;

(iii) Abolishing the posts already sanctioned in BCAS for such executive functions and;

(iv) Exploring the feasibility of meeting the expenditure on BCAS through appropriate levies, so that there is no draft on Budget.

7. Commission Of Railway Safety

7.1 The Commission of Railway Safety deals with matters pertaining to safety in rail travel and operations and performs certain statutory functions specified in the Indian Railway Act and the Rules framed thereunder. The Commission, was earlier functioning as an Inspectorate under the control of the Railway Board. With a view to ensure its independence from the Railways, this Inspectorate was placed under the administrative control of the Communications Department in May 1941. On the bifurcation of the Communications Department, the Inspectorate was placed under the Department of Posts & Air. The administrative control over the Railway Inspectorate, which was redesignated as a Commission of Railway Safety in November 1961, is exercised by the Ministry of Civil Aviation since May 1967.

7.2 While the Railway Board is responsible for laying down and enforcing safety standards for the Indian Railways, the main task of the Commission is to direct, advise and caution the railway executives through its regulations / inspection / audit and investigative / advisory functions and thereby assist them in ensuring that all stipulated measures are taken in regard to the soundness of rail construction and safety in train operation. The Commission is headed by the Chief Commissioner of Railway Safety, who is also the Principal Technical Adviser to the Government of India in all matters concerning the Commission. The headquarters of the Commission is at Lucknow.

7.3 The Chief Commissioner submits an annual report on the working of the Commission, which is laid on the Table of both the Houses of Parliament.

7.4 The total strength of the organisation is 162 – 17 technical and 145 non technical and support officials. The number of non technical officials is excessive and needs to be brought down by at least 50% i.e. to about 70 only. The expenditure on account of the Commission in the current year is placed at Rs.2.53 crores, with a nominal recovery of only 0.04 crore.

7.5 Though this organisation is under the Ministry of Civil Aviation, the technical posts of Dy. Commissioner of Railway Safety, Commissioner of Railway Safety etc. are invariably manned by officers on deputation from the Railways, who, after the stint in the Commission, revert to the Railways. Thus, the present arrangement of placement of this organisation under another Ministry, namely Civil Aviation, does not necessarily ensure the organisation's functional independence from the Railways. There is therefore a case for re-examining the basic question as to whether the Commission should be under the administrative control of Ministry of Civil Aviation or could well be brought under the Ministry of Railways. An allied issue is the appropriateness of this expenditure, which pertains exclusively to Railways, being borne by the Ministry of Civil Aviation.

7.6 This issue was gone into by the Standing Parliamentary Committee of the Ministry of Civil Aviation and their recommendations, as set out in the 38th report of the committee are extracted below :-

> "The Committee in its 9th and 15th reports had recommended that since the Commission discharges its functions entirely for rail travel, the expenditure being incurred on it should be reimbursed by the Ministry of Railways. The Committee in the action taken replies furnished by the Ministry of Civil Aviation was informed that the Ministry of Railways did not agree to the proposal on the ground that in order to retain its independence in investigations, the Commission should not be dependent on Railways finances.

The Ministry of Civil Aviation had not accepted the views of the Ministry of Railways and the matter was being further pursued.

In response to the Committee's recommendation on the matter made inits 24th report the Ministry of Civil Aviation informed that the Ministry of Railways was being requested again to reconsider the matter.

The Committee is dissatisfied in the manner in which the whole matter is being taken for the last so many years and no final decision is coming out. The Committee strongly recommends that the expenditure booked under the head other expenses on Commission of Railway Safety should not be a part of the Civil Aviation Budget and the Ministry of Railways should make their own independent body to look into the cases of accidents and other related functions and the budget provisions for the purpose should be made by the Ministry of Railways in their own budget."

7.7 In these circumstances, it is necessary that an early decision is taken as to in which Ministry this Commission should be located.

8. The Secretariat

8.1 The organisational chart of the Ministry, showing also the distribution of work, is at **Annex VII.** The Ministry has a total staff strength of 235. The total strength at the different levels is indicated in the table given at **Annex VIII**. The budget provison for the secretariat in the current year is Rs.5.85 crores.

8.2 The Government have decided to bring down the equity of the Government of India in Air India Limited to 40%, through a process of disinvestment by sale of 40% of equity to a strategic partner, and the balance to employees and financial institutions and / or share market. In the case of Indian Airlines, the decision of the Government is that 51% of the equity in the company will be disinvested, of which 26% will be to a strategic partner and the balance to employees, financial institutions and public. Further Government have decided that there should be total disinvestment of the equity held by Air India in Hotel Corporation of India, through the mode of sale. The process of disinvestment in these cases has commenced, and made varying degrees of progress. There is need to expedite and complete the disinvestment process early.

8.3 Once the disinvestment process is completed as mentioned, the role of the Ministry of Civil Aviation will get considerably reduced, and the size of the Ministry would need to be pruned accordingly. However, action needs to be taken to abolish one post of Joint Secretary immediately. This post of Joint Secretary, was redeployed in 1995-96 from the sanctioned strength of Ministry of Tourism, when both were departments under the same Ministry and has been continued in this Ministry, without the final clearance of the Finance Ministry for such redeployment. This post should be surrendered straightaway.

8.4 For some years now the Secretary of the Ministry has also been functioning as the Chairman of Air India and for over one year, the Joint Secretary has been functioning as the Chairman and Managing Director of Indian Airlines. With the decision already taken to open up this activity to the private sector also, it is necessary to ensure that the regulatory functions are kept separate from the management responsibilities of the public sector undertaking in that area. Ideally, the two should be in two separate Ministries. When this is not possible, then at least the officials dealing with the two sets of functions should be separate. Action should, therefore, be taken to discontinue immediately the arrangement of the Secretary functioning as the Chairman of Air India and of the Joint Secretary functioning as the Chairman and Managing Director of Indian Airlines. The direct involvement of these senior officials in the management of the public sector Airlines could lead to conflict of interest situations in the disinvestment process and in providing a level playing field.

8.5 Lastly, the position of the Chairman and Managing Director of Indian Airlines is a full time job. As such, if the Joint Secretary of the Ministry has been able to function also as the CMD of Indian Airlines, this can only mean that the workload attached to the post of Joint Secretary is quite negligible. This post of the Joint Secretary could therefore be abolished and the work of this division allocated to the other Joint Secretary in the department.

ANNEX I

MINISTRY OF CIVIL AVIATION
(NAGAR VIMANAN MANTRALAYA)

DEPARTMENT OF CIVIL AVIATION

1. Aircraft and air navigation; provision of aerodromes; regulation and organisation of air traffic and of aerodromes excepting sanitized control of air navigation.

2. Provision of navigational and other aids relating to air navigation.

3. Carriage of passengers and goods by air.

4. International Civil Aviation Organisation (ICAO).

5. International Air Transport Association (IATA).

6. Commonwealth Air Transport Council (CATC).

7. Commonwealth Advisory Aeronautical Research Council (CAARC).

8. Air India Limited and its subsidiaries.

9. Indian Airlines Limited and its subsidiaries.

10. Hotel Corporation of India and its subsidiaries.

11. Commissioners of Railway Safety.

12. Airports Authority of India (AAI).

13. Pawan Hans Helicopters Limited and its subsidiaries.

14. Agricultural Aviation.

15. Directorate General of Civil Aviation.

16. Indira Gandhi Rashtriya Uran Akademi.

17. Vayudoot Limited.

18. Bureau of Civil Aviation Security.

19. Administration of the aircraft Act, 1934 (22 of 1934),

20. Production of aircraft and aircraft components for civil use.

21. Issuing of technical licences / certificates / approval for the use of civil aircraft.

22. Private Air Transport (including Cargo) Industry.

23. Offences against laws with respect to any of the matters specified in this list.

24. Inquiries and statistics for the purpose of any of the matters specified in this list.

25. Fees in respect of any of the matters specified in this list but not including fees taken in any court.

26. Implementation of treaties and agreements relating to any of the matters specified in this list.

ANNEX II

MINISTRY OF CIVIL AVIATION – BUDGET ALLOCATIONS

(Rs. in Crores)

S. No.	Programme / Sub-Programme	Actuals 1999-2000			Budget Estimates 2000-01			Revised Estimates 2000-01			Budget Estimates 2001-02		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
		1	2	3	4	5	6	7	8	9	10	11	12
1.	Ministry of Civil Aviation (Secretariat)	---	4.72	4.72	---	5.30	5.30	---	5.14	5.14	---	5.85	5.85
2.	Directorate General of Civil Aviation	3.21	12.93	16.14	4.80	15.92	20.72	4.80	15.39	20.19	5.40	17.36	22.76
3.	Grants-in-aid to State Governments	---	0.06	0.06	---	0.15	0.15	---	0.12	0.12	---	0.05	0.05
4.	Departmental Canteen	---	0.15	0.15	---	0.17	0.17	---	0.16	0.16	---	0.17	0.17
5.	Investments in AAI (Capital)	12.50	---	12.50	15.62	---	15.62	17.48	---	17.48	19.57	---	19.57
6.	Loans to AAI	12.50	---	12.50	16.41	---	16.41	10.14	---	10.14	24.97	---	24.97
7.	Provision for Projects / Schemes for the benefit of N.E. region and Sikkim (Capital)	---	---	---	5.50	---	5.50	4.74	---	4.74	6.30	---	6.30
8.	International Cooperation	0.26	0.85	1.11	0.20	0.91	1.11	0.20	0.91	1.11	0.10	1.00	1.10
9.	Payment to AAI (Share of TT)	---	20.27	20.27	---	22.30	22.30	---	22.30	22.30	---	25.00	25.00
10.	Payments to:												
	i) State Governments in lieu of sales tax as Aviation Turbine Fuel sold to international airlines.	---	---	---	---	0.01	0.01	---	0.01	0.01	---	0.01	0.01
	ii) IGRUA	6.00	2.70	8.70	6.75	3.50	10.25	6.41	3.15	9.56	1.25	3.50	4.75
11.	Payment to Air India Ltd. for operation of Haj Charters	--	112.00	112.00	---	112.00	112.00	---	137.00	137.00	---	154.50	154.50
12.	Bureau of Civil Aviation												
	Revenue	---	4.15	4.15	---	4.43	4.43	---	4.45	4.45	---	5.00	5.00
	Capital	1.37	---	1.37	5.72	---	5.72	3.59	---	3.59	5.41	---	5.41
13.	Commission of Railway Safety (Net)	---	2.13	2.13	---	2.31	2.31	---	2.33	2.33	---	2.49	2.49
	Grand Total	**35.84**	**159.96**	**195.80**	**55.00**	**167.00**	**222.00**	**47.36**	**190.06**	**238.32**	**63.00**	**214.93**	**277.93**

Source : Demands for Grants 2001-02 and Performance Budget

ANNEX III

FUNCTIONS OF THE DIRECTORATE GENERAL OF CIVIL AVIATION:

i) Laying down rules and regulation for implementation of ICAO Standards and Recommended Practices;

ii) Regulation of air transport services to / from / within India;

iii) Regulation of civil aircraft in India;

iv) Formulation of standards of airworthiness for civil aircraft registered in India and grant of Certificate of Airworthiness to such aircraft;

v) Licensing of pilots, aircraft maintenance engineers and flight engineers;

vi) Licensing of aerodrome in India;

vii) Investigation into air accidents and incidents;

viii) Implementation of bilateral air services agreements with foreign countries;

ix) Rendering advice on matters pertaining to air transport;

x) Processing of aviation registration;

xi) Supervision of the training activities of the Flying / Gliding Clubs in India;

xii) Development of light aircraft, gliders and winches; and

ANNEX IV

DIERECTORATE GENERAL OF CIVIL AVIATION

ASSESSMENT OF STAFF

Sl. No.	HEADQUARTERS	Sanctioned Strength	Assessed Strength
I.	Group 'A', 'B' & 'C' staff (Excluding Researc h & Development Directorate)		
	A. Directorate of Information & Regulation	39	25
	Directorate of Airworthiness	21	13
	Directorate of Air Transport	10	7
	Directorate of Air Safety	17	10
	Directorate of Flying & Training and Licensing	36	29
	Central Examination Organisation	29	17
	Directorate of Administration	50	44
	Tariff Examination Cell / Aerodrome Licensing	6	1
II.	Private Secretary / P.A. / Strenographie staff (excluding R&D Directorate)	34	32
III.	Group 'D' staff (excluding R&D Directorate and Canteen Staff)	82	60
IV.	Research & Development Dte. Secretariat Staff only.	6	4
V.	Canteen Staff	23	10
	Total for Headquarters	**353**	**252**

Sl. No.	REGIONAL OFFICES	Sanctioned Strength	Assessed Strength
I.	REGIONAL OFFICES OF AIRWORTHINESS		
	Regional Office of Airworthiness, Delhi	87	68
	Regional Office of Airworthiness, Mumbai	56	50
	Regional Office of Airworthiness, Calcutta	55	43
	Regional Office of Airworthiness, Hyderabad / Chennai	60	40
	TOTAL (I)	**258**	**201**
II.	REGIONAL OFFICE OF AIR SAFETY		
	Regional Office of Air Safety, Delhi	9	10
	(b) Regional Office of Air Safety, Mumbai	12	12
	(c) Regional Office of Air Safety, Calcutta	10	10
	(d) Regional Office of Air Safety, Hyderabad / Chennai	14	11
	TOTAL (II)	**45**	**43**
III.	Gliding Centre, Pune	40	34
	TOTAL REGIONAL OFFICES (I) + (II) + (III)	**343**	**278**
	GRAND TOTAL (HEADQUARTERS + REGIONAL OFFICES)	**696**	**530**

ANNEX V

FUNCTIONS OF THE AIRPORT AUTHORITY OF INDIA

12. (1) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the function of the Authority to manage the airports, the civil enclaves and the aeronautical communication stations efficiently.

(2) It shall be the duty of the Authority to provide air traffic service and air transport service at any airport and civil enclaves.

(3) Without prejudice to the generality of the provisions contained in sub-sections (1) and (2), the Authority may –

(a) plan, develop, construct and maintain runways, taxiways, aprons and terminals and ancillary buildings at the airports and civil enclaves;

(b) plan, procure, instal and maintain navigational aids, communication equipment, beacons and ground aids at the airports and at such locations as may be considered necessary for safe navigation and operation of aircrafts;

(c) provide air safety services and search and rescue facilities in coordination with other agencies;

(d) establish schools or institutions or centres for the training of its officers and employees in regard to any matter connected with the purposes of this Act;

(e) construct residential buildings for its employees;

(f) establish and maintain hotels, restaurants and restrooms at or near the airports;

(g) establish warehouses and cargo complexes at the airports for the storage or processing of goods;

(h) arrange for postal, money exchange, insurance and telephone facilities for the use of passengers and other persons at the airports and civil enclaves;

(i) make appropriate arrangements for watch and ward at the airports and civil enclaves;

(j) regulate and control the plying of vehicles, and the entry and exit of passengers and visitors, in the airports and civil enclaves with due regard to the security and protocol functions of the Government of India;

(k) develop and provide consultancy, construction or management services, and undertake operations in India and abroad in relation to airports, air -navigation services, ground aids and safety services or any facilities ther eat;

(l) establish and manage heliports and aristrips;

(m) provide such transport facility as are, in the opinion of the Authority, necessary to the passengers travelling by air;

(n) form one or more companies under the Companies Act, 1956 or under any other law relating to companies to further the efficient discharge of the functions imposed on it by this Act;

(o) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred on imposed on it by this Act;

(p) perform any other function considered necessary or desirable by the Central Government for ensuring the safe and efficient operation of aircraft to, from and across the air space of India;

(q) establish training institutes and workshops;

(r) any other activity at the airports and the civil enclaves in the best commercial interests of the Authority including cargo handling, setting up of joint ventures for the discharge of any function assigned to the Authority.

(4) In the discharge of its functions under this section, the Authority shall have due regard to the development of air transport service and to the efficiency, economy and safety of such service.

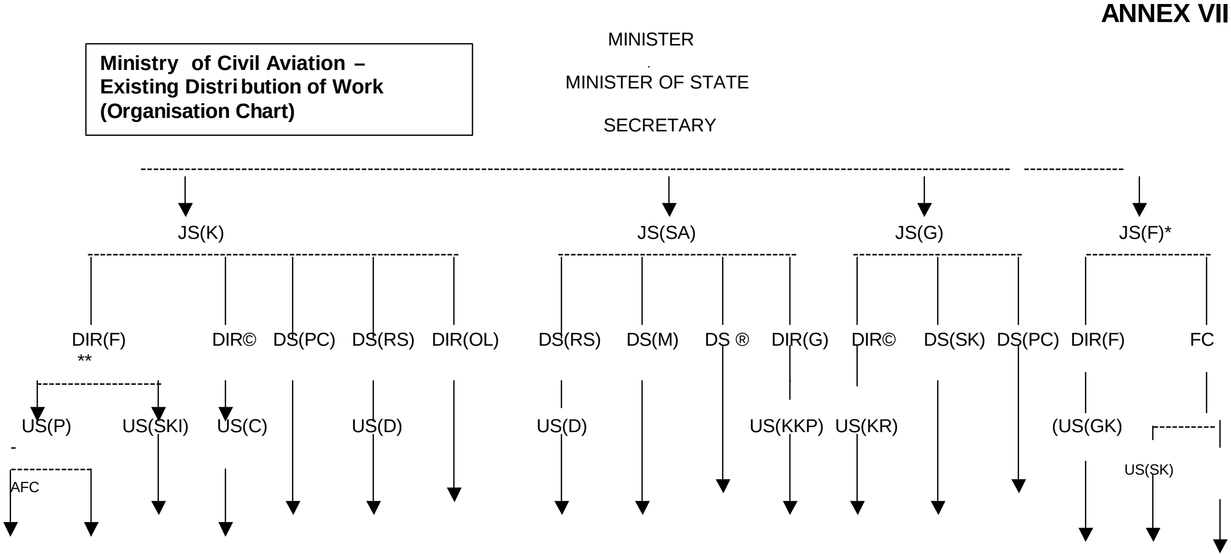
ANNEX VI

BUREAU OF CIVIL AVIATION SECURITY
ASSESSMENT OF STAFF

Sl.No.	Name of Post	Sanctioned Strength	Assessed Strength
1.	Commissioner	1	1
2.	Addl. Commissioner	3	1
3.	DCOS/OSD/AD(T)	10	9
4.	ACS	18	13
5.	Section Officer	6	6
6.	Sub Inspector	8	5
7.	Asst. Sub Inspector	4	0
8.	H. Constable	4	4
9.	H. Sec. Guard	3	3
10.	M.T. Driver	10	8
11.	Security Guard	16	17
12.	Daftry	1	1
13.	Senior Peon	1	1
14.	Director	0	0
15.	Dy. Director	1	1
16.	Section Officer	2	2
17.	Private Secretary	3	2
18.	Personal Assistant	1	0
19.	Steno Gr. D	7	9
20.	Assistant	7	4
21.	UDC	3	3
22.	LDC	2	3
23.	Asst. Dir(OL)	1	1
24.	Jr. Hindi Translator	1	1
25.	Despatch Rider	11	7
26.	Jr. Accountant	1	1
27.	Sr. Clerk	4	4
28.	Jr. Clerk	8	12
29.	Peon	0	4
30.	Dy. Commissioner (BDDS)	4	4
31.	Controller of Explosives	4	4
32.	Team Leader	16	16
33.	Technical Assistant	4	4
34.	Bomb Technician	28	28
35.	Asstt. Bomb Technician	28	28
36.	Driver	13	13
37.	Barrack Sweeper	4	4
38.	Aerodrome Attendant	4	0
39.	Sub Inspector (DS)	5	5
40.	Dog Handler	23	23
41.	Record Keeper	2	0
42.	Kennelman	7	7
Total		**279**	**259**

ANNEX VII

Ministry of Civil Aviation –
Existing Distribution of Work
(Organisation Chart)



Admn	AI	C&G	A	PU	C&W	HINDI	IA	DT	VE	O&M (VIG)	AAI	SS	RS	FIN-I	IWSU/ O&M	PAO
Estt. Matters Cadre Mana-gement of Secreta-riat posts.	AI, HCI air Charters air Cargo Haj matters	Drawal & Disbursement & House keeping	Air Agreem-ents Aircraft Act Import Export Consessional & free air passage	Parlia-ment work	Coord-nation, Public Grievan-ces Welfare of SC/ST of Ex-Service-men	Official Langu-age	IA, Vayu-doot, Alliance Air Purchase leasing of Aircraft & Agriculture Aviation	Domestic Air Transport industry, Manufacture of Aircraft Components & Estt. Of maintenance facilities, avaition & allied indus-trial develop-ment	DGCA, Flying / Gliding Clubs IGRUA, Pawan Hans Ltd.	Vigila-nce mainten-ance of ACRs of Public Sector Execu-tives and Board level Officers	AAI, Civil Aviation Train-ing Centre	Aviation Safety, airport security, BCAS	Railway safety	Financial matters Civil Aviation including all PSUs	Internal work Study and Organis-ation & Method	Payment Accoun-ting Internal Audit

* Apart from his charge as JS & FA (Civil Aviation), JS(F) has also been allocated the finance advice work of Deptt. of Tourism & Deptt. Of Culture.
** FC is also looking after the finance advice work of Department of Tourism

ANNEX VIII

MINISTRY OF CIVIL AVIATION

CATEGORY-WISE TOTAL SANCTIONED STRENGTH AND POSTS LYING VACANT AS ON 01.06.2001

S.No.	***NAME OF THE POST***	***NO. OF SANCTIONED POSTS***	***NO. OF POSTS LYING VACANT***
1.	Secretary	1	---
2.	Joint Secretary	4	---
3.	Director / Deputy Secretary	4	---
4.	Director (OL)	1	---
5.	Financial Controller	1	---
6.	Under Secretary	7	---
7.	Principal Private Secretary	1	---
8.	Section Officer	12	---
9.	Finance Officer	2	---
10.	Private Secretary	8	---
11.	Junior Analyst	2	---
12.	Asstt. Director (OL)	1	---
13.	Assistant	48	---
14.	Research Assistant	5	---
15.	Personal Assistant	6	---
16.	Accountant	2	---
17.	Sr. Hindi Translator	2	1
18.	Jr. Hindi Translator	2	---
19.	UDC	26	3
20.	Steno Grade 'D'	9	1
21.	LDC	28	1
22.	Staff Car Driver	5	---
23.	Despatch Rider	1	---
24.	Record Keeper	1	---
25.	Senior Peon	5	---
26.	Daftry	11	---
27.	Gestetner Operator	1	---
28.	Peon	27	3
29.	Farash	1	---
30.	Safaiwala	3	1
DEPARTMENTAL CANTEEN			
31.	Manager	1	---
32.	Counter Clerk	1	---
33.	Coupon Clerk	1	---
34.	Bearer	3	---
35.	Tea Maker	1	---
36.	Washboy	1	---
	Total	235	

PART V

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF TOURISM

Rationalisation of the functions, activities and structure of the Department of Tourism

Table of Contents

Rationalisation of the functions, activities and structure of Department of Tourism

Executive Summary

1. There is need for government to continue to:
   (a) play an active role in promoting tourism
   (b) support establishment of training facilities in this sector and
   (c) provide support for creation of basic infrastructure development at the large number of tourist centres.

2. The task of making large investments for creation of facilities at established centres should be left to the private sector. Following this criterion, the proposal for disinvestment of ITDC should be expedited.

3. If the need for setting up new hotel management or food craft institutes arises, efforts should be taken to promote the setting up of such facilities in the private sector with government giving some assistance for meeting a part of the capital cost.

4. There is presently a proposal for setting up of an Advanced Institute of Hotel Management and Institute of Culinary Arts. Attempts should be taken for promoting the establishment of this centre in the private sector.

5. Action should be taken to diversify the activities of the Indian Institute of Tourism and Travel Management at Gwalior into areas for which there is greater demand and also to invite private parties to participate in the management as well as financing of this institute. If these efforts do not bear fruit, say in a year's time, then this institute would have to be closed down.

6. Likewise induction of private sector participation in the management as well as financing of the National Institute of Water Sports, Goa should be explored.

7. Action on the question of transferring the Indian Institute of Skiing and Mountaineering to Jawahar Institute of Mountaineering or to IBP or to the State Government would need to be expedited.

8. There is a case for stepping up the allocations under the scheme for promoting tourist infrastructure. When ITDC is disinvested the possibility of a part of the net proceeds being utilised for this purpose could be explored.

9. This being a very small department there is no need for a post of a Secretary as well as that of ex-officio Additional Secretary and DG, Tourism. These posts

should be combined with the Secretary functioning as the DG, Tourism as well. The other post should be abolished.

10. SIU had, on the basis of a study conducted in 1997, found that 28 posts out of the total staff strength of 242 were surplus in the office of DG, Tourism. These posts should be abolished straightaway.

11. The 16 field offices, other than the regional offices, of the DG, Tourism should also be closed immediately.

12. The functioning of the 18 foreign offices of the DOT need to be quickly reviewed and only those offices, which are located in those countries with a large tourism potential should be retained. The remaining should be closed down, leaving it to the industry to set up offices at these and other places if they wish to.

1. Introduction

1.1 What was earlier the Ministry of Tourism, became the Department of Tourism (DOT), in the Ministry of Tourism and Culture in May 2000. The DoT functions as the nodal agency for the development of tourism in the country. It plays a crucial role in co-ordinating and supplementing the efforts of the State/Union Territory Governments, catalysing private investment, strengthening promotional and marketing efforts and in providing training manpower resources. The detailed functions of the Department in this regard are brought out in **Annex** – I.

1.2 This Department, which is headed by a Secretary, has an attached office, the Directorate General of Tourism. The Director General of Tourism is also, an ex-officio Additional Secretary in the Department. An organisational chart of the Department is given in **Annex**-II. The Directorate General of Tourism has a field formation of 21 offices within the country and 18 offices abroad (**Annex** – III and IV). DOT has one public sector undertaking viz. the Indian Tourism Development Corporation (ITDC) and the following autonomous institutions:-

- i) Indian Institute of Tourism and Travel Management (IITTM).
- ii) National Council for Hotel Management and Catering Technology (NCHMCT) and the Institutes of Hotel Management, Catering Technology & Applied Nutrition.
- iii) National Institute of Water Sports (NIWS).
- iv) Indian Institute of Skiing and Mountaineering (IISM).

1.3 The Department has a total provision of Rs.181 crore in the budget for the current year. Of this the plan allocation is Rs.150 crore spread over a large number of schemes.

2. An Overview

2.1 The rationalisation of the functions, activities and structure of this Department has necessarily to be attempted against the backdrop of the problems faced in, as well as the prospects for Tourism promotion in the country. A publication titled "India – The Tourism Imperatives" brought out last month by the World Travel and Tourism Council contains some interesting statistical data (all culled out from government publications) and several major conclusions. These are briefly listed below:

(i) While the number of Tourist “arrivals” in the country is now over 2.6 million, the growth over the last five year period is only 25% or less than 5% per annum. Indian’s share in the World Tourist Arrivals has been stagnant at 0.38% during this period.

(ii) The foreign exchange earnings in Rupee terms, has grown at a faster rate (over 12% p.a.) reaching Rs.14408 crore in the year 2000. However, a good part of this increase is attributable to the depreciation in the value of the rupee during this period. In US $ terms the growth has been more muted (at around 4% p.a.) reaching US $ 3.2 billion in the year 2000.

(iii) The average stay of the tourists coming to India is estimated at 31 days, compared to much lower periods for most countries. This coupled with the fact that similar extended stay in hotels has not been observed, point to a good proportion – estimated at 30 to 40% - of the visitors spending time with friends and relatives. Possibly these are NRIs visiting friends and relatives in India.

(iv) India is a long haul destination, with aviation as the major link for tourism.

(v) Tourism is highly seasonal, with considerable variation from season to season.

(vi) Domestic tourism has grown phenomenally in the last decade – from 64 million in 1990 to over 175 million in 2000. Religious tourism, sightseeing and eco-tourism etc. have been the main contributory factors.

(vii) This phenomenal explosion in domestic tourism could be a by-product of the faster economic development witnessed during this period. There has also been a shift towards more expensive range of tourism during this period.

(viii) The number of Indian nationals going abroad has increased sharply to 3.8 million by 1999. Given the relaxations in foreign exchange availability for such visits abroad, and the increasing size of the middle class, this number could increase sharply in the coming years.

2.2 Two points clearly emerge from the above data. The first is the enormous demand. While in terms of arrivals India may figure low down in the list of countries, in terms of demand it is definitely much higher in the list. This clearly underlines the enormous scope for increasing ‘supply’. As the supply increases, employment opportunities, directly in the Travel and Tourism industry, and indirectly in the related activities of the other sectors of the economy, will increase sharply. The WTTC study visualizes the possibility of a three-fold increase in employment opportunities from less than 13 million jobs now to about 40 million. While these numbers do appear too optimistic, the fact remains that this is one sector of the economy, with immense potential for creation of new employment opportunities. The second point is that if the present trends continue unchanged, tourism instead of being a large foreign exchange earner, could well become a drain on foreign exchange, as the number of Indians going abroad would far outstrip the arrivals.

2.3 This, and the trends in the ongoing economic reforms, taken together point to government:

(a) playing an active role in promoting tourism;

(b) supporting, in a big way the establishment of training facilities in this sector;

(c) providing support for basic infrastructure development at a large number of tourist centres, thereby paving the way for increased tourist inflow to these centres. This will, in turn encourage the private sector to make substantial investments in providing better tourist facilities at these centres.

(d) leaving the task of making large investments on creation of facilities at established centres to the private sector. Following this criterion, there is need for expediting the proposal for disinvestment of ITDC.

2.4 This then is the broad framework within which the functions and activities of this Department are examined and recommendations made. The programmes of this Department can be grouped into 3 broad categories: tourism information and publicity, training, and tourist infrastructure. These are examined in the subsequent sections.

3. Tourist Information and Publicity

3.1 This category consists of:

(a) Overseas Promotion

(b) Media Relations / Hospitality

(c) Literature & Other Publicity Material

(d) Domestic Campaign (including fairs & festivals and craft melas)

3.2 Of the total provision of Rs.58 crore in B.E. 2001-2002 for this group of activities, Overseas Promotion alone accounts for Rs.51 crore, Publicity and Marketing abroad of Indian tourism is being undertaken through the 18 field offices abroad, the efforts being coordinated and supplemented by the Marketing Division at the Headquarters. Air India and its sales offices abroad supplement efforts of DoT by making financial contributions and organising joint promotional events. The expenditure on pay and allowances as also other administrative expenditure like rent, office expenses, etc. of the 18 offices abroad – over Rs.18 crore in the current year – is met from the non-plan budget. The promotional efforts abroad include advertising, printing of brochures in local languages, production of films and audio visual in local languages, arranging of charters, organising seminars, talks, India evenings, etc., market research, organising food and cultural festivals and public relations.

3.3 Considering that of the total provision of Rs.58 crore for all activities in this group as much as Rs.51 crore is spent on overseas promotion, the issue to be addressed, is whether the Department needs to maintain 18 offices abroad. This has been examined from time to time and decisions also taken to close some of those offices. But such decisions have not been implemented. The Parliamentary Standing Committee on Transport and Tourism have also in the latest report observed that the huge expenditure on overseas promotion has not led to a considerable increase in tourist arrivals. As set out earlier, the growth of arrivals over the last five years has been quite muted at 5%. It could be argued that this order of increase would in any case have been there and as such these 18 offices of the DoT should be closed down leaving it to the travel and tourism industry to take steps on their own to take up promotional efforts in the various countries with a good potential. If any of the organisations in the private sector wish to set up an office abroad for this purpose government could give some support, by way of a grant in the initial years towards meeting a part of the expenditure. This arrangement however has one risk. Such organisations could be more interested in securing more business for themselves, instead of projecting tourism prospects in all parts of the country. In the circumstances an ideal arrangement would be for government to retain only those offices which are considered essential for projecting the country's image, and in those countries which have a large potential, and leave it to the industry to set up offices in other places, if they wish to, with some government support in the initial years.

4. Training

4.1 Training programmes in the field of Hotel Management, Catering and Nutrition were initiated by Government in 1962 under the Department of Food, Ministry of Agriculture. To begin with, four Institutes of Hotel Management, Catering Technology and Applied Nutrition were set up at New Delhi, Mumbai, Chennai and Calcutta between 1962 and 1964. For imparting training in hospitality related craft disciplines, 12 Food Craft Institutes were also then set up at different places in the country. Consequent to transfer of the programme to the Ministry of Tourism in 1982, the format of the various training programmes were re-oriented and remodelled keeping in view the professional work force requirements of the country's fast expanding accommodation and catering industry. In order to harness the resources and also to provide a central thrust to the programme, Ministry of Tourism also established the National Council for Hotel Management and Catering Technology in 1982.

(a) Hotel Management and Food Craft Institutes

4.2 At present, there are 21 Institutes of Hotel Management – as listed in **Annex** – V and 11 Food Craft Institutes – as listed in **Annex** – VI following the National Council's course curriculum. The Institute of Hotel Management at Shillong is in the process of getting established and would become functional by the next academic year. As per the scheme for setting up of FCIs, all the Food Craft Institutes have been transferred to the respective State Governments except the one recently approved in Pathrajpur (Orissa). The main courses offered by the Institutes of Hotel Management are 3-year Diploma in Hotel Management and Post-Graduate Diploma in Accommodation Operation and Management. The current intake of candidates for the first year of the 3-year Diploma in Hotel Management is 2390. In view of the increased demand for the course, the intake capacity and the infrastructure are being augmented.

4.3 The Institutes of Hotel Management are constituted as separate Societies, and have separate Boards of Governors. The Memorandum of Association and Rules & Regulations of the various Societies follow the model laid down by Ministry of Tourism in this regard. The Boards of Governors of the Institutes are appointed by the Central Government.

4.4 The Institutes are designed to train candidates at managerial, supervisory, and lower skill levels in the principles and practices of Hotel Management, Catering Technology, Food Production, Food & Beverage Service, Front Office, House Keeping, Computers, Nutrition and related disciplines to provide qualified and technical personnel for the Hotel, Catering, Hospital, Travel and Tourism industry, including training of catering personnel at all levels.

4.5 Analysis of the working results of the 21 Institutes shows that there is no deficit on the revenue account of these Institutes. However there has been continuous injection of capital funds by Ministry of Tourism for these Institutes, to take care of the fund requirements of the latter for construction of buildings including hostels, procurement of equipment, including computers and other non-recurring expenditure. During 1999-2000, about Rs.13 crore were released by the Ministry of Tourism to these Institutes. The corresponding figure for 2000-2001 was Rs.10.19 crore.

4.6 Considering the enormous employment potential in this field, and the need for excellent training facilities, this order of capital outgo cannot be considered excessive. The main thing is that these institutes are not dependent on government budget support for their recurring expenditure. This position should be maintained in future also.

4.7 There is bound to be need for more such training institutes in the coming years. Instead of the government trying to set up these institutes, efforts could be taken to promote the setting up of such facilities in the private sector, with government giving some grant for meeting a part of the capital costs.

(b) National Council for Hotel Management and Catering Technology

4.8 The main objectives of the National Council for Hotel Management and Catering Technology are:

(a) To advise the Government on coordinated development of hotel management and catering education.

(b) To collect, collate and implement international development in the area of human resource development for the hospitality sector.

(c) To affiliate institutes and prescribe courses of study and instructions leading to examinations conducted by it.

(d) To standardise courses and infrastructure requirements for institutes imparting education and training in hospitality management.

(e) To prescribe educational and other qualifications, experience, etc. for members of staff in the affiliated institutes and organise faculty development programmes.

(f) To grant affiliation to Institutes at the national level.

(g) To award Certificates and Diplomas.

4.9 The Council is registered as a Society under the Societies Registration Act (1860). It functions as a national body for coordinated growth and development of hospitality management education. The affairs of the Council are looked after by Board of Governors appointed by the Central Government. The total strength of officers and staff is 33.

4.10 The Council organises the Joint Entrance Examination (JEE) for admission to the 1st year for the 3-year Diploma Course in Hotel Management run by the Institutes of Hotel Management. The Council also conducts annual examinations for the 1st, 2nd and 3rd year for the 3-year Diploma Course, Post-Graduate Diploma Course etc. run by the Institutes. Other activities of the Council include holding All India Student Chef Competition, organising workshops and training programmes etc.

4.11 The finances of the National Council can be considered to be satisfactory. The Council has not been depending upon any grant from the Government for the last few years. During 1999-2000, the working results showed a surplus of Rs.49 lakhs (Rs.43 lakhs in the previous year). As on 31.3.2000, the total grant received from Government on capital account was Rs.42 lakhs, against which the expenditure of the Council on account of fixed assets was over Rs.1 crore.

4.12 The fees charged from the students for the various courses – admission fees, course fees, examination fees etc. – have been periodically increased. This has enabled the National Council and Institutes of the Hotel Management not to depend on Government grants for meeting the revenue expenditure. Due to the increase in demand for trained personnel in the sector, the number of candidates seeking admission to the courses has also been going up. In the case of the admissions completed in 1999-2000, 16495 candidates appeared in the Joint Entrance Examination, competing for admission to about 2400 seats.

4.13 This is presently a proposal for setting up an Advanced Institute of Hotel Management and Institute of Culinary Arts. It would be best to try and promote the establishment of this Centre in the private sector, with government giving some grant for meeting a part of the capital cost.

(c) Indian Institute of Tourism and Travel Management

4.14 The Indian Institute of Tourism and Travel Management (IITTM) was established as a registered society in 1983 at New Delhi with the objective of developing and promoting education, training and research in the field of travel and tourism. In August 1992, the Institute was shifted to Gwalior, where it is now functioning from its own campus with an area of 20 acres of land allotted by the State Government. In 1997, Eastern Regional Centre of IITTM was set up at Bhubaneswar. The Institute has been conducting full-time / part-time courses in travel and tourism. Orientation programmes for officials of Ministry of Tourism are also conducted from time to time.

4.15 During 1999-2000, the revenue income of IITTM was Rs.101.46 lakhs – comprising Rs.74.61 lakhs as Government grant, and the balance Rs.26.85 lakhs by way of course / seminar fees etc. The expenditure during the year was Rs.112.02 lakhs, resulting in a deficit of Rs.10.55 lakhs. The corresponding deficit figure for 1998-99 was Rs.17.79 lakhs. The accumulated deficit till the end of 1999-2000 amounted to Rs.109.37 lakhs. Thus the 'own' resources account for less than 25% of the recurring expenditure.

4.16 IITTM has also been receiving Capital Grants from Government, depending upon its activities. The total grants so received till the end of 1999-2000 amounted to Rs.10.11 crore. Construction of the first phase of the new building at Gwalior at a cost of Rs.4.86 crore has been completed. The second phase will include auditorium-cum-multi-purpose hall, warden's hostel, students' amenity hall and residences for essential maintenance and teaching staff etc.

4.17 Thus this institute, with its present structure and activities is not a financially viable entity. Action should therefore be taken both to diversify its activities, into areas for which there is greater demand and also to invite suitable private parties to participate in the management as well as financing of this institute. If these efforts do not fructify, say in a year's time, then this institute, together with its Regional Centre would have to be closed down.

(d) National Institute of Water Sports, Goa

4.18 The Institute is registered as an autonomous Society at Goa. In order to involve Private Sector participation and to make the Institute self-sufficient, offers of interest have been invited from competent consultants. In 1999-2000, the Institute conducted 32 courses for 751 trainees from all over the country and earning a course fee-revenue of Rs.2.65 lakhs. The provision for the Institute is Rs.10 lakhs in B.E. 2001-02 (Plan). The provision is inter alia for starting the construction work of NIWS building at Goa. The feasibility of inducting suitable private sector partieis in the management as well as financing of this institute should be explored. In this context Government of Goa could also be approached to ascertain their interests in this regarde.

(e) Indian Institute of Skiing and Mountaineering (IISM)

4.19 The Gulmarg Winter Sports Projects (GWSP) was established in 1968 to popularise Kashmir as a tourist destination and develop winter sports with a view to attracting tourists during the lean winter season and to provide gainful employment to the local people. It was set up to impart training to selected candidates to work as Ski Instructors and Mountaineering guides. Later Indian Institute of Skiing & Mountaineering (IIS&M) was added on to conduct courses on Mountaineering, Ski Courses and training etc.

4.20 The expenditure during 1999-2000 was Rs.61 lakhs, of which salaries accounted for Rs.54 lakhs and office expenses for Rs.5 lakhs. Provision in the current year is Rs.69 lakhs, including Rs.60 lakhs for salaries and Rs.8 lakhs for office expenses.

4.21 The Parliamentary Standing Committee on Transport & Tourism, has been recently informed by the DoT that in the context of the present situation in J & K, the latter is exploring the possibility of transferring the project to Jawahar Institute of Mountaineering, Batot under the Ministry of Defence or ITBP under the Ministry of Home Affairs, and that both the organisations have expressed their inability to take over the project. The Committee has also noted that DoT has taken a decision to wind up IIS & M and transfer the project with assets and staff to the Government of J & K for effectively utilising the facilities created. The Department of Tourism would need to pursue these options expeditiously.

5. Tourist Infrastructure and Interest Subsidy on Loans given by financial institutions

5.1 Activities under Tourist Infrastructure include construction of Tourist Bungalows, Resorts, Yatri Niwases, Wayside Amenities etc., provision of Adventure and Sports Tourism facilities, facilities of Buddhist Centres (including externally aided projects) etc.

5.2 Since most of the tourist attractions and delivery systems are within the purview of State / UT Governments, a large part of the Central Government investment for the improvement and creation of tourist facilities is channelised through the State Governments on a cost sharing basis. The State Governments generally meet the cost of land and its development while the Central Department meets the cost of construction etc.

5.3 A new method of funding by way of grant-in-aid towards project cost was introduced during 1992-93. As per the scheme, 28 per cent of the project cost is provided by the Central Government and 12 per cent is provided by the State Government. The balance 60 per cent has to be raised as loan from financial institutions or banks. This method of funding is applicable to bankable projects requiring large investments. It was expected that the State Governments would be able to mobilise more resources from financial institutions for investment in tourism projects through this method. In the initial years, the State Governments did not show much interest in this method of funding as they were generally not interested in availing loan facilities for putting up developmental projects. It was, therefore, decided to reallocate a major part of the funds provided for the scheme to normal funding schemes. The remaining budget was proposed to be used to meet the committed liabilities in respect of already sanctioned projects. However the position has changed now and many bankable projects with substantial financial requirements are being funded by the scheme referred to.

5.4 The expenditure for these activities during 1999-2000 was Rs.25.6 crore. The provision for the same in the current year is Rs.56.65 crore.

5.5 Considering the enormous demand, created by the explosive increase in domestic tourism, there is an urgent need to create such infrastructure at new centres of tourist attraction – be it religious tourism, sightseeing, or eco-tourism – and also for upgrading the facilities at those centres where some infrastructure has already been created. There is therefore a case for stepping up the allocations under this scheme substantially. As, given the fiscal constraints, obtaining additional budget provision may prove difficult, given the fiscal constraints, the Department should expedite the disinvestment of ITDC and take up with the Finance Ministry, the feasibility of retaining a part of the net disinvestment proceeds for being spent on this scheme in the coming years.

5.6 DoT has also a scheme for grant of interest subsidy on loans granted by IFCI, Tourism Finance Corporation of India, SFCs and State Industrial Development Corporation to the approved hotel and Heritage Hotel Projects. The expenditure for this during 1999-2000 was Rs.7.50 crore, the provision for the current year being Rs.9 crore.

6. Budget Provisions

6.1 Details of the Budget Provisions in the last three years for the Department of Tourism, under Plan and Non-Plan are set out in the Statement at **Annex -** VII. The position is summarised below:-

(Rs. in crore)

Actual 1999-2000	**Budget Estimates 2000-2001**	**Revised Estimates 2000-2001**	**Budget Estimates 2001-2002**
132.34	162.04	153.44	181.19

6.2 The provisions in the Department's Budget are substantially for Plan – Rs150 crore out of the total of Rs.181.19 crore in B.E. 2001-2002.

6.3 Both during 1998-99 and 1999-2000, the actual expenditure fell short of the approved outlay by as much as 40% and the position 'improved' considerably in 2000-2001, partly thanks to a sharp drop in the outlay itself, as may be seen from the following data on outlay and expenditure:-

(Rs. in crore)

Year	Outlay	Revised Estimates	Expenditure
1997-98	100.35	100.00	98.13
1998-99	160.50	110.00	110.46
1999-2000	160.50	110.00	109.32
2000-2001	135.00	125.00	125.00 (Anticipated)
2001-2002	150.00	---	---

6.4 Considering the importance of this sector from the point of creating additional employment opportunities in large numbers, all steps should be taken to ensure that the funds allocated for the plan programmes are fully utilised.

7. Department of Tourism and the Directorate Gene ral of Tourism

7.1 The Non-Plan expenditure of DoT is Rs.0.72 crore, and that of the Office of DG(Tourism) Rs.28.98 crore.

7.2 The number of posts in DoT is only 10, including 1 Secretary, 1 Joint Secretary, and 2 Dy. Secretary / Director. On the other hand the Office of DG(Tourism) has a strength of 127 officers and 504 staff. The strength includes that pertaining to 18 tourist offices abroad and 21 tourist offices in India referred to in para 1.2 above.

7.3 The following points merit attention:

a. First, in such a small department, there is no need for two posts at the top level, the Secretary as well as the DG, Tourism who also functions as the ex-officio Additional Secretary. The two positions could be combined, with the Secretary also functioning as the DG, Tourism and the second post abolished.

b. The SIU had examined the staff strength of the headquarters office of the DGT in 1997 and recommended that 28 of the total strength of 242 be abolished. The category wise break up of the staff strength as sanctioned and as assessed is given in **Annex**-VIII. This recommendation should be implemented forthwith.

c. There are 6 regional and 15 field offices with a total staff strength of 265. Considering that most State governments have well staffed tourist offices, and the fact that the Centre has to work in close collaboration with the States in promoting tourism, the effort should be for the DGT to operate directly through the State Government Tourist Departments. As such while the 5 regional offices could be retained, the remaining 16 field offices should be closed down. The assets (building etc.) at these centres could be transferred to the concerned State Governments, for being utilised for augmenting tourism promotion.

d. The functioning of the offices abroad should be quickly reviewed, and except for those located at centres contributing large tourist inflows to India, all others should be closed down. This exercise should be completed within the next three months, so that the result of the decisions taken are reflected in the budget for the year 2002-03.

e. Lastly as pointed out earlier India is a long haul tourist destination for most people and aviation is often the only feasible option for travel. Also as most foreign tourists are likely to spend less than 10 days in India, air travel would be the preferred mode of travel even within the country. Thus Tourism and Aviation are closely interlinked and the development and growth of one depends on, as well as influences, the other. It will secure the growth of both sectors in a mutually reinforcing manner, if government consider placing both departments in the same Ministry.

Annex – I

DETAILED FUNCTIONS OF DoT

i. All Policy Matters including :-
   - Development policies
   - Incentives
   - External assistance
   - Manpower development
   - Promotion & marketing
   - Investment facilitation

ii. Planning

iii. Co-ordination with other Ministries, Department and State Governments

iv. Regulation
   - Standards
   - Guidelines

v. Infrastructure & product development
   - Central assistance

vi. Human Resource Development
   - Institutes
   - Setting standards and guidelines

vii. Publicity & marketing
   - Policy
   - Strategies
   - Co-ordination
   - Supervision

viii. Research, analysis, monitoring and evaluation

ix. International cooperation and external assistance
   - International bodies
   - Bilateral
   - External assistance
   - Foreign technical collaboration

x. Legislation and Parliamentary work

xi. Establishment matters relating to Minister & his personal staff and other officers / staff in the Ministry of Tourism

xii. Overall review of the functioning of the field offices

xiii. Establishment matters relating to Group A officers in DG (T)'s office and other matters requiring the approval of Secretary / Minister or those on which the advice of the Government is required.

xiv. Vigilance matters relating to the officers and staff of the Department, DG (T)'s organisation, ITDC and autonomous bodies including appointment of Chief Vigilance Officers

xv. Official Language Policies
- Implementation of Official Language Policy

xvi. VIP references

xvii. Budget co-ordination and related matters

xviii. Plan co-ordination and monitoring

xix. Integrated finance division

xx. O & M work

xxi. IWSU functions

xxii. Welfare, grievances and protocol

1.1 Further functions of attached office viz. Directorate General of Tourism are as under :-

i. Assistance in the formulation of policies by providing feedback from the field offices

ii. Implementation of plan projects
- Assist in the plan formulation
- Implement field projects

iii. Co-ordinating the activities of field offices and its supervision

iv. Regulation
- Approval and classification of hotels and restaurants
- Approval of travel agents, tour operators and tourist transport operators, etc.

v. Inspection & quality control
- Guide service
- Protective measures for tourists

vi. Infrastructure development
- Release of incentives
- Tourist facilitation & information
- Field publicity, promotion & marketing
- Hospitality programmes

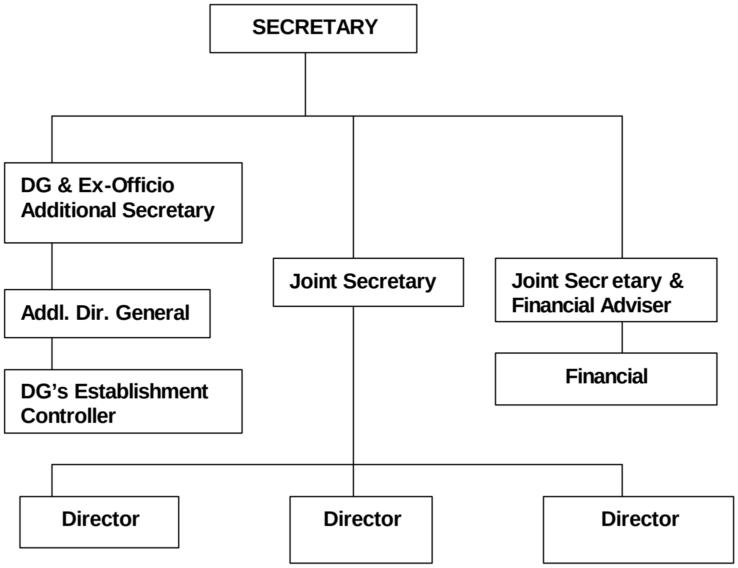
- Conventions & conferences

vii. Assistance for Parliamentary work

viii. Establishment matters of DG(T)'s organisation excluding that of Group A officers and the ones requiring the approval of Secretary, Minister of those on which advice of the Government is required.

Annex – II

ORGANISATIONAL CHART



Annex – III

LIST OF GOVERNMENT OF INDIA TOURIST OFFICES IN INDIA

Regional Offices

1. New Delhi
2. Mumbai
3. Calcutta
4. Chennai
5. Guwahati

Other Offices

1. Patna
2. Jaipur
3. Bangalore
4. Varanasi
5. Agra
6. Bhubaneswar
7. Port Blair
8. Imphal
9. Shillong
10. Hyderabad
11. Cochin
12. Goa
13. Aurangabad
14. Khajuraho
15. Naharlagun (Itanagar)
16. Thiruvananthapuram

Annex – IV

JURISDICTION OF GOVERNMENT OF INDIA TOURIST OFFICES ABR OAD

Sl.No.	Operation/Station	Countries Covered
	Americas	
1.	New York	East Coast
2.	Los Angeles	West Coast up to Panama
3.	Toronto	Canada & Green Land
4.	Buenos Aires	South America up to Columbia / Venezuela
	U.K.	
5.	London	UK, Ireland and Ice Land
	Europe	
6.	Frankfurt	Germany, Poland, Czechoslovakia, Austria, Romania, Bulgaria
7.	Paris	France, Switzerland
8.	Amsterdam	Netherlands, Luxemburg, Belgium
9.	Moscow	CIS
10	Milan	Italy, Greece, Malta
11.	Stockholm	Sweden, Norway, Denmark, Finland
12.	Tel-Aviv	Israel, Turkey
13.	Madrid	Spain, Portugal
	West Asia	
14.	Dubai	KSA, UAE, Iran, Syria, Kuwait, Qatar, Bahrain, Jordan, Yemen, Lebanon, Iraq, Egypt
15.	Johannesburg	South Africa, Kenya, Mozambique, Tanzania, Zimbabwe, Mauritius, Madagascar
	Australia	
16.	Sydney	Australia, New Zealand, Fiji, Pacific
17.	Singapore	Singapore, Malaysia, Thailand, Brunei, Indonesia Vietnam, Taiwan, Myanmar
	East Asia	
18.	Tokyo	Japan, South & North Korea, China, Hong Kong, Laos, Phillippines

Annex - V

LIST OF INSTITUTES OF HOTEL MANAGEMENT

S.No.	Name of IHM	State
1.	Ahmedabad	Gujarat
2.	Bangalore	Karnataka
3.	Bhopal	Madhya Pradesh
4.	Bhubaneswar	Orissa
5.	Calcutta	West Bengal
6.	Chandigarh	Chandigarh
7.	Chennai	Tamil Nadu
8.	Goa	Goa
9.	Gurdaspur	Punjab
10.	Guwahati	Assam
11.	Gwalior	Madhya Pradesh
12.	Hyderabad	Andhra Pradesh
13.	Lucknow	Uttar Pradesh
14.	Jaipur	Rajasthan
15.	Mumbai	Maharashtra
16.	New Delhi	New Delhi
17.	Patna	Bihar
18.	Shillong	Meghalaya
19.	Shimla	Himachal Pradesh
20.	Srinagar	Jammu & Kashmir
21.	Thiruvananthapuram	Kerala

Annex – VI

LIST OF FOOD CRAFT INSTITUTES

S.No.	Name of FCI	State
1.	Aligarh	Uttar Pradesh
2.	Alwaye	Kerala
3.	Chandigarh	Chandigarh
4.	Darjeeling	West Bengal
5.	Faridabad	Haryana
6.	Gangtok	Sikkim
7.	Pathrajpur	Orissa
8.	Pondicherry	Pondicherry
9.	Tiruchirapalli	Tamil Nadu
10.	Udaipur	Rajasthan
11.	Visakhapatnam	Andhra Pradesh

Annex – VII

FINANCIAL PROVISIONS

Details of expenditure in items of activity project schemes-wise classification are as under:

(Rs. in crore)

	ACTUALS 1999-2000			B.E. 2000-2001			R.E. 2000-2001			B.E. 2001-2002		
	Plan	***Non-Plan***	***Total***	***Plan***	***Non-Plan***	***Total***	***Plan***	***Non-Plan***	***Total***	***Plan***	***Non-Plan***	***Total***
1	2	3	4	5	6	7	8	9	10	11	12	13
Secretariat	---	0.50	0.50	---	0.62	0.62	---	0.68	0.68	---	0.72	0.72
Direction and Administration	---	14.70	14.70	---	17.46	17.46	---	17.12	17.12	---	28.98	28.98
International Co-operation	---	0.45	0.45	---	0.51	0.51	---	0.53	0.53	---	0.54	0.54
Tourist Information and Publicity	60.40	6.63	67.03	56.75	7.70	64.45	56.75	9.56	66.31	58.00	0.20	58.20
Training	14.71	0.35	15.06	16.65	0.75	17.40	10.65	0.55	11.20	10.35	0.75	11.10
Tourist Infrastructure	25.60	---	25.60	42.60	---	42.60	44.60	---	44.60	56.65	---	56.65
Other Expenditure	9.00	---	9.00	19.00	---	19.00	13.00	---	13.00	25.00	---	25.00
Total	**109.71**	**22.63**	**132.34**	**135.00**	**27.04**	**162.04**	**125.00**	**28.44**	**153.44**	**150.00**	**31.19**	**181.19**

Annex – VIII

ASSESSMENT OF POSTS IN DIRECTORATE GENERAL OF TOURISM

S.No.	Name of the Post	Sanctioned Strength	Assessed Strength
1.	Secretary (Tourism)	1	1
2.	Director General (Tourism)	1	1
3.	Addl. Director General (T)	1	1
4.	Joint Secretary (Tourism)	1	1
5.	Joint D.G. (Tourism)	1	1
6.	Dy. Director General (MR)	1	Nil*
7.	Dy. Director General	4	4
8.	Dy. Secretary (Tourism)	2	2
9.	Under Secretary (Tourism)	2	2
10.	Member Secretary (MRACC)	1	-
11.	Director (Tourism)	11	11
12.	PPS to Secretary (T)	1	1
13.	Dy. Director (Raj Bhasha)	1	1
14.	Loan Officer	1	-
15.	Research Officer (Gr. IV)	1	1
16.	Programmer	1	1
17.	Data Processing Asstt. Gr. B	3	3
18.	Hindi Officer	1	1
19.	Accounts Officer (B&A)	1	1
20.	Asstt. Director (Tourism)	13	13
21.	Asstt. Director (Admn.)	7	7
22.	PS to DG (Tourism)	1	1
23.	Sr. P.A.	3	3
24.	Assistant	20	16
25.	Sr. Steno	10	9**
26.	Hindi Translator Gr. I	1	1
27.	Hindi Translator Gr. II	4	3
28.	Confidential Assistant	1	1
29.	Accountant	2	2
30.	Information Asstt.	2	2
31.	UDC	16	16
32.	LDC	30	25
33.	Jr. Stenographer	28	22
34.	LDC (Hindi)	6	2
35.	Jr. Accountant	1	-
36.	Data Entry Operator Gr. D	1	1
37.	Data Entry Operator Gr. C	1	1
38.	Data Entry Operator Gr. B	3	2
39.	Data Entry Operator Gr. A	2	2
40.	Data Processing Asstt. Gr. A.	2	2
41.	Staff Car Driver (Gr.I)	1	1
42.	Staff Car Driver (Gr.II)	2	2
43.	Staff Car Driver (Ordinary)	4	4
44.	Despatch Rider	3	3

45.	Record Sorter	1	1
46.	Jr. Gestetner Operator	1	1
47.	Daftry	10	10
48.	Sr. Peon	4	4
49.	Safaiwala	3	3
50.	Safaiwala-cum-Farash	1	1
51.	Farash	1	1
52.	Peon	19	19
53.	Chowkidar	2	2
	Total	**242**	**214**

* **The post of Deputy Director General (MR) to be downgraded as Sr. Research Officer / Deputy Directo r, after the present incumbent vacates the post.**

** **One of Sr. Steno to be downgraded to Jr. Steno for SRO / DD in MR Division.**

PART VI

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

Rationalisation of the functions, activities and Structure of the Department of Industrial Policy and Promotion

Table of Contents

DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION

Executive Summary

1. The role and functions of the Department have shifted from regulatory to promotional ones and functions related to developmental activity have come down considerably. Only core policy items of work have remained.

2. A large number of sections/desks need to be cohesively grouped for better supervision, coordination and rationalisation of work. Reporting levels should be reduced and level jumping implemented.

3. Based on analysis of division-wise work allocation, the following restructuring is recommended:

    (i) The department need have only 19 sections and 17 desks manned by Section Officers and Desk Officers, and four sections without Section Officers headed by Under Secretaries.

    (ii) At the branch level, the department need have 10 Under Secretaries and 4 Deputy Directors.

    (iii) Out of 14 posts of Director/DS/Joint Director level in the department, not more than 6 posts will be necessary.

    (iv) At JS level, two posts including the one which is laying vacant, may be abolished. The department will thus be left with two posts of Joint Secretaries.

4. Implementation of these recommendations will result in abolition of 74 posts out of the sanctioned strength of 151 at the level of sections officers and above (as in Annex 'E'). The supporting level posts in the department may also be reduced correspondingly after an intensive review of the revised work load.

5. Based on pro-rata reduction of support level posts, the overall reduction out of the total sanctioned posts of 990 in the department would be not less than 450, which would be inclusive of 200 posts (130+70) identified for abolition as per COS's decision of August, 2000.

6. (a) The levy of cess on salt manufacture, which gives a revenue of only Rs.2.5 crore could be discontinued.

(b) The 26 Quality Control Laboratories of the Salt Commissioner's Office, along with the staff could be transferred to the Public Health Division of the Ministry of Health and Family Welfare.

(c) Of the lands under the control of the Office of the Salt Commissioner, those which are now leased for salt production (about 45,000 acres) can be transferred to the States along with the responsibility for leasing of these lands. The States could be allowed to retain the lease rentals. The remaining lands can be vested in the Ministry of Urban Development which can take action for the disposal of these lands.

(d) The Office of the Salt Commissioner, along with all the field offices could then be closed down.

7. From among the organisations under the administrative control of this department that are receiving grants, IARI, Pune, IRMRA, Thane, NCCBM, Ballabhgarh, CMTI, Bangalore and CPPRI, Saharanpur may be put on notice that their non-plan budget support would be phased out over the next thee-year period. They should increase the generation of internal resources and regulate their activities and programmes within the framework of the resources available with them.

1. Introduction

1.1 The Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce and Industry is entrusted with the responsibility of planning, formulating and administering the industrial policy of the Government of India, keeping in view the national priorities and the socio-economic objectives in the larger perspective. The main objectives of the industrial policy are to maintain a sustained growth in productivity, enhance gainful employment, achieve optimal utilization of available resources, attain international competitiveness and transform India into a major partner and player in the global arena. For implementing the promotional and developmental measures for advancement and growth of the industrial sector, it encourages development of infrastructure, technology up-gradation and modernization

2. Historical Evolution of the Department

2.1 The evolution of the Department of IP&P under the Ministry of Commerce and Industry, dates back to 1905 when a Department of Commerce and Industry was created in the Government of India, to deal with all matters relating to trade and commerce. Since then, the Department underwent several changes following bifurcations from and mergers with other departments/ministries resulting in the re-structuring of the Department over the years. In 1943, it was constituted as the Department of Industries and Civil Supplies. In 1951, after amalgamation of a portion of the then Ministry of Commerce, with a portion of the Ministry of Industry and Supply, it was known as the Ministry of Commerce and Industry. In 1956, it was re-constituted as the Ministry of Industry comprising Department of Industrial Development and Department of Heavy Industries.

2.2 In 1950's, 1960's and 1970's, a number of ministries/departments or portions thereof were integrated with or bifurcated from the Industry Ministry. Ministry of Commerce and Consumer Industries, Ministry of Heavy Industries, Department of Chemicals, Department of Company Law Administration, Department of International Trade, Department of Company Affairs, Department of Civil Supplies and Cooperation etc. were some of the Ministries/Departments which got integrated with or separated from Industry Ministry. In 1976, the Ministry of Industry was reconstituted comprising the Department of Industrial Development and Department of Heavy Industry. The Department of Small Scale Industries and the Agro Rural Industries was created in 1990 under this Ministry, for promotion, development and protection of small scale industries and khadi and village industries.

2.3 With the lessening of control and licensing functions as a result of the liberalized licensing policy, a decision was taken in April, 1994 to wind up the Directorate General, Technical Development, which was the main technical body assisting the Ministry of Industry in the licensing of industries**.** A separate Department was created in March, 1995 for Industrial Policy and Promotion to take care of investment promotion and policy measures for industrial development. A separate Department of Industrial Development was entrusted the work of Intellectual Property Rights and other statutes administered by this Ministry. The Department of IP&P was reconstituted in the year 2000 by merging the Department of Industrial Development with this Department.

3. Functions of the Department of IP&P

3.1 In keeping with the economic policies evolved by the Government, this Department gives directions and takes necessary steps for the development of backward areas, balanced regional development, promotion of foreign direct investment (FDI), optimum capacity utilization in various sectors of industry, maximization of productivity/production, technology adaptation, upgradation and modernization and improving the international competitiveness of Indian industry. The functions of the Department inter-alia include:

- Formulation and implementation of industrial policy and strategies for industrial development in conformity with the development needs and national objectives;
- Formulation of Foreign Direct Investment (FDI) Policy and promotion and approval of FDI;

- Monitoring the impact of strategy/policy and implementation;
- Administration of Industries (Development and Regulation) Act, 1951 and rules there-under;
- Development of industries through revival, restructuring; and
- Advice on all industrial and technical matters.

The subjects allocated to the Department under the Allocation of Business Rules, are listed in *Annex 'A'*.

4. Industrial Policy Framework

4.1 The 1948 and the 1956 Industrial Policy Resolutions aimed at development of the core industrial sector and import substitution as also the strategy of public sector investment. The 1977 Policy Resolution focussed on the small scale and tiny sector and thus sought to decentralize the licensing regime, while the 1980 industrial policy laid emphasis on promotion of export oriented industries and brought in the concept of setting up nucleus plants in identified industrially backward districts.

(i) Industrial Licensing

4.2 The industrial policy reforms introduced as a result of issue of Industrial Policy Resolution of 1991 have brought about a radical change in the licensing regime. It has reduced the industrial licensing requirements, removed restrictions on investment and expansion, and facilitated easy access to foreign technology and foreign direct investment (FDI). Industrial licensing has been liberalized to the extent that only six industries are now under compulsory licensing mainly on account of environmental, safety and strategic consideration. Similarly, there are only four industries reserved for the public sector. For industries not falling under licensing, investors have only to submit an Industrial Entrepreneur Memorandum (IEM).

(ii) Foreign Direct Investment

4.3 The Government policy on foreign direct investment (FDI) aims at encouraging foreign investment, particularly in the core and infrastructure sectors. Following the economic reforms brought about in i991, a series of steps have been taken to ensure a liberal FDI policy. There are two modalities for FDI approvals: automatic route and FIPB/Government approval route. Except for the activities specified in the negative list, access to the automatic route for foreign direct investment is permitted up to 100% as per sector specific policy for FDI. The remaining activities require approval of FIPB/Government. FIPB endeavours to dispose of applications for FDI within a time frame of 30 days. Under the automatic route, the foreign investor only needs to inform the RBI within 30 days of bringing in his investment, and again within 30 days of issuing any shares. The general policy and facilities for FDI as available to foreign companies are fully applicable to NRIs/OCBs[*] as well.

4.4 The new Industrial policy of 1991 and other economic reforms have generated considerable interest among foreign investors. There has been a marked upward trend in approvals granted and inflow of foreign direct investment. In the past few years, FDI approvals have shown a considerable increase. The approvals have increased from less than Rs. 4000 crore in 1992 to more than Rs. 37000 crore in 2000.

(iii) National Renewal Fund

4.5 As a part of the new industrial policy of 1991, a National Renewal Fund was set up by a Government Resolution dated 3rd February, 1992. Assistance from this Fund was made available to Central PSUs through their administrative ministries to implement the Voluntary Retirement Scheme (VRS) for reducing their surplus labour force. Funds were also provided for implementing the scheme of counseling, retraining etc. of workers rationalized from the organized sector. A total of 137902 workers had availed of the VRS as on 31.12.2000 and an expenditure of Rs.2722.65 crore incurred for this purpose from 1992-93 to December, 2000. The NRF scheme has since been abolished by gazette notification dated 12.07.2000. The schemes will not be implemented by the Department of IP & P from the financial year 2001-02. New arrangements for VRS and retraining schemes have been made. Financial assistance for VRS in

[*] non-resident Indians /overseas corporate bodies

Central PSUs will be made available to the administrative ministries/departments directly at the beginning of the financial year as per the new guidelines issued by the Department of Public Enterprises under their O.M. dated 05.05.2000.

(iv) Industrial Administration

4.6 While the individual administrative ministries look after the production, distribution, development and planning aspects of the specific industries allocated to them, the Department of IP&P is responsible for the overall industrial policy. The Department of IP&P also has a number of specific industries allocated to it. These include cement, paper and pulp, leather, tyre and rubber, light electricals, consumer goods, consumer durables, light machine tools, light industrial machinery, light engineering industries etc. Department of IP&P directly administers these industries and is responsible for their development and growth.

5. Organisational Structure

5.1 The Department of Industrial Policy and Promotion which is headed by a Secretary, has an Addl. Secretary & Financial Adviser, and three Joint Secretaries, a Tech. Adviser (Boiler) and 921 other officers and staff. The sanctioned strength of the Department is 990, the group-wise breakdown being: Group 'A'-88 ; Group 'B'-235 ; Group 'C'-365 ; and Group 'D'-302. As against the above, the staff in position is 927 – 63 posts are vacant. Staff posted with the Minister of Commerce and Industry and the Minister of State for Commerce & Industry is not included in the sanctioned strength of the Department. Details of the sanctioned strength and the existing manpower (officers/staff in position) of the Department is given in ***Annex 'B'.***

5.2 Following discussion in the meeting of the Committee of Secretaries, which deliberated on the restructuring of the Department, it was decided that out of the 714 posts (excluding Group 'D' posts) in the Department, reduction of 252 posts would be effected in the following manner :

i) 52 posts, which included 47 vacant posts plus the post of Secretary (ID) and 4 supporting staff, would be abolished. (This decision has since been implemented).

ii) 70 posts in the D/IPP are to be identified as surplus, and abolished. The staff working against these posts are to be transferred to the Surplus Cell.

iii) 130 posts on account of requirement of Ministry of Heavy Industries and Ministry of SSI & ARI are to be transferred to these ministries. However, COS decided that these posts may be abolished by the D/IPP; the Ministry of Heavy Industries and the Ministry of SSI&ARI would take necessary steps to create these posts as considered justified.

5.3 The staff strength of the Department after effecting the reduction of 52 posts as at (i) above, should be 662 (714 – 52). However, the detailed information of various posts furnished by the Department shows a total number of 688 posts in Groups 'A', 'B' and 'C', existing as on 1.4.2001. If the recommendations of the Committee of Secretaries had been fully implemented this number should have been only 462.

5.4 The Department has not so far given effect to the reduction referred to in (ii) and (iii) of para 5.2 above.

5.5 There are 3 attached offices, 2 subordinate offices and 8 other organizations/institution receiving grants, under the administrative control of the department. These are:-

(i) Attached Offices

1. Office of the Salt Commissioner, Jaipur
2. Office of the Economic Adviser, New Delhi
3. Tariff Commission, New Delhi

(ii) Subordinate Offices

1. Office of the Chief Controller of Explosives, Nagpur

2. Office of the Controller General of Patents, Designs and Trade Marks, Mumbai

(iii) Other Organisations/Institution receiving grants:

1. Central Manufacturing Technology Institute, Bangalore
2. Central Pulp and Paper Research Institute, Saharanpur
3. Automotive Research Association of India, Pune
4. Indian Rubber Manufacturers Research Association, Thane
5. National Council for Cement and Building Materials, Ballabhgarh
6. National Institute of Design, Ahmedabad
7. National Productivity Council, New Delhi
8. Quality Council of India, New Delhi

ERC study of Tariff Commission, National Productivity Council and Quality Council of India has already been completed separately. Short write-ups in respect of the other Attached/Subordinate offices/Organizations/Institution receiving grants, explaining their activities, organizational set up, financial requirements and funding pattern, etc. are given in *Annex C*.

6. Analysis and Conclusions:

(i) Department of IP&P

6.1 An analysis of the evolution, functions and structure of the Department shows that

i. role and functions of the department have shifted from regulatory to promotional ones;
ii. amount of programme/development/activity related functions have come down considerably;
iii. only core policy items of work have remained; and
iv. even in respect of industries allotted to this ministry, the delicensing and liberalisation of investment have drastically reduced the traditional areas of work.

v. There is practically no work relating to material planning.

6.2 The rightsizing exercise carried out by the dept. in 2000, it was indicated that 70 posts would be abolished and the surplus persons transferred to the Surplus Cell. This was also endorsed by the COS in August 2000. The exercise was based on the basis of transfer or reduction in workload or absence of certain functions. Department of IP&P has since stated that they propose to reduce 14 Sections for abolishing the 70 posts, and this would be carried out after the ERC report is received.

6.3 This approach is in no doubt an adhoc one, but is in the right direction. Even after this change the structure of this Department would still be extremely skewed. Further the Department had earlier absorbed the staff transferred from DGTD, but their expertise does not appear to have much relevance to the work of this Department.

6.4 Excluding the FA, there are 3 Joint Secretaries with 14 Director / Deputy Secretary / Jt. Director level officers, 41 Under Secretaries or equivalent level officers and about 39 Section Officers or equivalent level officers in the Department. From the point of view of reporting and span of control, this is very unbalanced and there is an overload of officers at all levels, even assuming that the Department needs three Joint Secretaries.

6.5 A large number of Sections and Desks need to be cohesively grouped not only for better supervision but also for better coordination, and allotted the proper workload. Some of the House Keeping/Administration/Vigilance/Parliament Work need to be regrouped. Adoption of the 'level jumping' concept should drastically reduce the reporting levels, as the department has a very large number of desks and sections headed by Under Secretaries.

6.6 Further, with the recommendations made in respect of subordinate/ attached offices, and making those bodies autonomous the workload in the Department would get reduced further.

6.7 The Department of IP&P is not formally structured division-wise. With repeated mergers and demergers over a period of time, DIPP has served as a 'Swing' department and a clear delineation of work is not found in the divisions.

However, the charge of each officer at the level of Additional Secretary/Joint Secretary could be taken as a Division for the purpose of this study. Apart from the Finance Division under the AS & FA, there are three other Divisions, each headed by a Joint Secretary.

6.8 In order to get an idea of the nature of work and functions in the department proper, the approach adopted was to enumerate all the existing base level building blocks viz. sections and desks and the present work flow. This estimate has been made after a series of interactions with the Department of IP&P, based on the information they have given from time to time. This reveals:

(a) DIPP have stated that an exercise was done for the Committee of Secretaries in 2000 at which they indicated that they would be able to surrender 14 sections that would involve abolition of 70 posts. The Department has, however, further stated that they would await the views of the ERC on this before taking a final decision;

(b) An organogram has been prepared showing the sections/desks and the flow of work up to Joint Secretary level, for a better appreciation of the structure of the department. This organogram is at **Annex 'D'**;

(c) It is seen that out of the 14 DS/Director/Joint director level officers, three of them report to more than one Joint Secretary, and one reports to three Joint Secretaries. Similarly, out of 21 US/DD level officers (Branch officer level), two report to more than one supervisory level officer. There are 35 Sections and 24 desks making in all 59 base units identified in the Department. A few sections and desks are headed by Under Secretary level officers.

(ii) Division headed by AS & FA

6.9 As indicated by the Department to the COS, while identifying the 14 Sections to be abolished, *one Finance desk headed by US may go*. The Accounts Section and IWSU with which O&M work is recommended to be merged, may continue.

(iii) Division headed by JS(SJ):

6.10 As Cement is a delicensed item, out of the two Cement Desks, *one desk may be abolished along with the post of US heading it. Similarly the section for Backward Areas along with both the posts of SO and US may be abolished as there is another branch for Backward Areas work.*

6.11 *The post of SO (Light Engineering Industries) may be abolished as US(Light Engg. Industries) can look after this work, and this post of US(Light Engg. Industries) may be merged with US(CGF) who is looking after CGF work without an SO.* This is on account of the reduced work in this delicenced area of work.

6.12 In view of the recommendation made in respect of the office of the Salt Commissioner, the work will drastically come down and one desk will be adequate to look after work relating to salt.

6.13 Similarly, the work relating to Backward Areas can be looked after at the US level and the post of SO(DBA-II) may be abolished as the Department itself has identified this area for reduction in staff.

6.14 Only one cash section need be retained and the other abolished on account of reduced number of personnel in the Department. As indicated earlier, the work of O&M may be merged with IWSU. The post of US(O&M) may be abolished, and the O&M/IWSU Section may report direct to a Director under AS & FA, as a better practice.

6.15 The post of Under Secretary (Parliament) may not be necessary as the post of SO(Parliament) is adequate to look after this work. In most ministries, this work is handled only by a Parliament Assistant. In addition, this Department has also SO(Coordination), which position could be retained.

6.16 In view of the reduction in the number of staff (para 5 supra), out of five sections dealing with establishment matters (EI, EII, EIII, GA and Group 'D') only three appear necessary with one US for establishment and another for the other items including coordination. The third post of US may be abolished.

6.17 The posts of DD(OL) and two posts of AD(OL) may continue as at present, as they are part of statutory compliance.

6.18 The three posts of section officers dealing with Light Industrial Machinery, Light Electrical Industries and paper now supporting the two existing Under Secretaries' work , may be abolished, and the two USs may directly handle the work from the sections as in similar other cases in the department.

The post of AD(Planning) could be continued.

(iv) Division headed by JS(MSS):

6.19 The posts with public interface and statistics like SO(Data/IEM), SO(EO/NRI), DD(ISU) are not recommended for reduction at this stage. Entrepreneur Assistance Unit headed by an Under Secretary should also handle inquiries work and *therefore there should be no need for the separate post of SO(Inquiries).*

6.20 In Leather, there are two Under Secretaries and one SO. It appears adequate to have one US and posts of the other US and SO may be abolished, again on account of reduced workload owing to liberalization.

6.21 There are two posts of SO(FC) along with one US(FC) for foreign collaboration and FIPB work. It appears adequate if only one SO and one US are retained. The other post of SO may be abolished, on account of the reduction/simplification of the FIPB requirements. .

6.22 There are two posts of Under Secretary (Vigilance). It is enough if the desks or sections dealing with vigilance is just headed by an Under Secretary who will directly report to the CVO of the Department, whichever Director or JS is so designated, as major delicensing and reduction in number of staff should result in considerable reduction in vigilance work.

6.23 While SO(Foreign Investment Implementation Authority) and SO (UNIDO) may report directly to Director/DS, the post of US (FIIA) may be dispensed with, as it would be desirable to have attention at higher level in these areas and interface with public. Even under existing instructions it is required to be only at the level of DS and above.

6.24 There are three sections dealing with Investment Promotion & Infrastructure Development with one Under Secretary. As the work is only promotional, it is adequate if only one desk headed by DO or US is there, and the other three posts may be abolished; this would also obviate the need for coordination etc.

6.25 The post of US(Environment &Technology) and the Legal Cell may be abolished. SO(Coord.) may report to Under Secretary, General Administration.

6.26 The Industrial Policy Cell can continue along with SO(PAB-IL) dealing with licensing of six categories of items which are still under compulsory licensing.

(v) Division headed by JS(AEA):

6.27 The post of SO (Explosives) and US (Explosives) could be continued. There are three Under Secretaries heading units for Patent, Productivity and Consultancy. In view of the recommendations made in respect of the subordinate offices dealing with these functions, that would make them more autonomous and less dependent on government grants, it appears adequate to have just one section or desk headed by an Under Secretary and other two posts of Under Secretary along with sections or desks may be abolished.

6.28 SO(Boiler) may remain with Deputy director which is a technical post. The work of the section dealing with grant-in-aid may be merged with RO(Industrial Renewals) and the Section (Grant in aid) may be abolished.

6.29 *In view of the reduced developmental functions, the need for several Development Officers and Industrial Advisers is not apparent.* Actually, these posts were transferred from erstwhile DGTD. As in the other programme ministries, it should be adequate to have just one Industrial Adviser (Engineering) and one Industrial Adviser (Chemical) through whom the relevant files could be routed and the other posts of Industrial Advisers, Addl. Industrial Advisers and Development Officers, along with the support staff could all be abolished.

6.30 *If the above recommendations are implemented, the Department will have 19 sections and 17 desks to the extent they are handled by Section Officers and Desk Officers, and four Sections without Section Officers handled directly by Under Secretaries.*

6.31 *At the branch level the Department will have 10 Under Secretaries and 4 Deputy Director level officers and there will be an acceptable ratio of Section Officers and Branch officers.*

6.32 *There are 14 DS/Director/Jt. Director level officers and three Joint Secretaries (plus one vacant post). With the number of branches not exceeding 14, it appears that even on a liberal basis not more than 6 officers at DS/Director/Jt. Director level will be necessary and consequently the posts of JS can also come down to two. That would mean abolition of two posts of JS including the one which is lying vacant.*

6.33 With a more cohesive grouping of related items of work and streamlined flow, the current asymmetry in the distribution of work can be set right.

6.34 *Based on the discussion in the foregoing paragraphs, a statement showing the reduction in the number of posts at the level of Section Officer and above, is appended at Annex – E. The support level posts in the Department may also be reduced correspondingly after an intensive review of the revised workload.*

6.35 It will be observed from the Statement at Annex 'E' that out of 151 posts of the level of SO and above, reduction of 74 posts has been suggested. This reduction plus reduction in support level posts on prorata basis may work out to reduction of more than 450 posts out of the sanctioned strength of 990, and would be inclusive of the 200 (130 + 70) posts, which are to be abolished, as per COS's decision.

7. Attached/Subordinate Offices

(i) Office of the Salt Commissioner, Jaipur

7.1 From the write up on this office given in Annex 'C', it will be clear that the major areas of work of Salt Commissioner are 1) regulation of the development of salt industry for its production, supply and distribution, 2) leasing of central government land for salt manufacture and collection of salt cess, assignment fee, ground rent etc., 3) extending direct financial assistance out of salt cess collected to salt workers affected by natural calamities and 4) implementing iodine deficiency disorders control.

7.2 Private sector accounts for 86% of the salt production, the balance being contributed by cooperative and public sector. In other words, the cooperative/ public sector with its limited share can have no dominant influence on either production or price. The earnings by way of cess, (around Rs. 2.50 crore) and ground rent fee (about Rs.1.00 crore) total upto only Rs.3.50 crore, whereas the total expenditure on the outfit of Salt Commissioner's office is over Rs. 10 crore. Moreover it is ascertained that recently orders have been issued enabling salt producers to remit the cess amount on a self-assessment basis and the salt inspectors are only to verify the records thereafter. This verification work can, well be done by the local Central Excise staff. Thus the staff required in the Salt Commissioner's Office for attending to the collection of the cess amount would go down drastically. The more important point to be considered is whether it is necessary at all to levy this cess, which secures only a sum of Rs.2.50 crore. Considering that salt is the basic requirement of the people, there is definitely a case for government removing this levy altogether. When this is done there will be no requirement of any staff in the Salt Commissioner's Office for cess collection purposes.

7.3 The salt department now manages over 61,000 acre of land. Of these around 45,000 acres are given for salt production on lease. The leases are generally for 30 years duration, unless these are brought up for action for violation of these conditions are assigned for lesser purposes by the Salt Commissioner. The administration and leasing of these lands forms an important item of work for the Salt Commissioner's Offices at the field level. Government could consider transferring to the concerned State Governments all those lands which are now leased out for salt manufacture. The State Governments could continue to lease those lands for salt manufacture and the management of leases could be undertaken by the revenue department officials in the respective areas without the need for any additional staff for this purpose. The State

Government could be allowed to retain the amounts collected by way of lease. supplement. Of the remaining 6,000 acre , a good part is repeatedly encroached upon. All these lands could be vested in the Ministry of Urban Development, which could take action for the disposal of these lands, some of which could be metropolitan/port towns and could fetch a good price. Once action is taken on these lines there will be no need for maintaining a large staff complement in the various offices of the Salt Commissioner for attending to this item of work.

7.4 The promotion of the use of iodide salt (now no longer mandatory) is with the Department of Women and Child Welfare and the technical and nutritional aspects of salt are looked after by the public health division in the Ministry of Health and Family Welfare. It will be appropriate to transfer the 26 quality control laboratories along with the staff to the public health division of the Ministry of Health and Family Welfare. There is no justification for continuing this activity in the Salt Commissioner's office.

7.5 No labour laws are enforced by the Salt Commissioner and such relief and rehabilitation assistance as is extended would well be provided by the State Governments. In these circumstances the office of the Salt Commissioner along with the field offices except for the quality laboratories could be closed down. A section in the Department of IP&P would suffice for maintaining relevant statistics relating to salt. A senior officer of the department could be notified as the Salt Commissioner in order not to have a vacuum in the statute, till such time as the need for such a functionary is examined and a decision taken. With these arrangements over 800 posts in the Salt Commissioners Office could be declared surplus.

(ii) Office of the Economic Advisor, New Delhi.

7.6 The nature of work and data collected and processed by this office is of macro-economic importance to several departments of the Government and the statistical indices generated by this office are required for decision making by several Economic and Programme Ministries/departments and for formulation of policies and development strategies for industrial development. It has also been urged on behalf of the DIPP that there is also a case for strengthening the agency in the context of economic liberalisation and the need to generate real time data. This office may therefore continue in its present form, but the processes of data collection and retrieval may be modernized and working of the office streamlined to the IT mode.

(iv) Department of Explosives, Nagpur

7.7 This authority is a statutory one and discharges essential functions in relation to safety etc. as its certification is a mandatory requirement for industries manufacturing or handling materials of an explosive nature. While this office has to be continued its working has to be improved to make it less inspector intensive.

(v) Office of CG, Patents, Designs and Trade Marks, Mumbai

7.8 This office administers the statutes indicated above and also advises govt. on matters relating to patents, trademarks, etc. which are now assuming greater importance in our economy. It is recommended that this may continue.

(vi) Other Organisations receiving grant

1. *Indian Rubber Manufacturers Research Association, Thane*
2. *National Council for Cement and Building Materials*
3. *Central Manufacturing Technology Institute, Bangalore*
4. *Central Pulp and Paper Research Institute (CPPRI), Saharanpur*
5. *Automotive Research Association of India, Pune*

7.9 They are all registered societies with individual corporate identity. These agencies are doing useful work in their areas and servicing the respective industry with inputs critical to improving and upgrading the relevant sectors. Such a role assumes greater importance with increasing competition owing to economic reforms. Their functions and duties are therefore required to be continued.

7.10 It is possible for those organisations them to commercialise their work and increase earnings. As recommended by ERC in respect of such bodies under other departments/ministries, it is suggested here that over a period of a few years, grants to these organisations be phased out. Any structural or managerial charges required to impart flexibility to these agencies to function commercially and autonomously may be formulated and approved by the government. Any specific item of work that may be entrusted by government to be carried out by them could be funded through earmarked grants.

(vii) National Institute of Design (NID), Ahmedabad

7.11 NID, a registered society, is also registered as a Public Trust under Bombay Public Trust Act. The Institute is recognized as a premier institute of learning, imparting education in the field of design education, research and training. It also assists the industry in raising quality standards of Indian products/systems through design application and education programmes. The functions and duties of the Institute are required to be continued.

7.12 The revenue generation of NID from client service projects, tution fee and other receipts, is not sufficient to sustain its programmes and activities and the Institute has to depend on government grants to run its training courses and research activities. It is recommended that the present set up may continue and withdrawal of government grants may be considered after the internal revenue generation goes up substantially.

SUBJECTS ALLOCATED TO THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION UNDER THE ALLOCATION OF BUSINESS RULES

I. <u>Industrial Policy.</u>

1. General Industrial Policy
2. Administration of the Industries (Development and Regulation) Act, 1951 (65 of 1951).
3. Industrial Management.
4. Productivity in industry.

II. <u>Industries and Industrial and Technical Development.</u>

5. Planning, development and control of and assistance to, all industries other than those dealt with by any other department.
6. Issue of licences for establishment of industries for production of civil aircraft to be made in consultation with the Ministry of Civil Aviation and Department of Defence Production and Supplies.
7. Cables.
8. Light Engineering Industries (e.g. sewing machines, typewriters, weighing machines, bicycles etc.).
9. Light industries (e.g. plywood, stationary, matches, cigarettes etc.).
10. Light Electrical Engineering Industries.
11. Raw Films.
12. Hard Board.
13. Paper and Newsprint.
14. Tyres and Tubes.
15. Salt.
16. Cement.

17. Technical development including Bureau of Industrial Costs and Prices and United Nations Industrial Development Organisation.
18. Soaps and Detergents.
19. Foreign Investment Promotion Board (FIPB).
20. Direct foreign and non-resident Indian investment in industrial and service projects.
21. Cooperation in the industrial sector, excepting cooperative sugar factories.
22. Administration of the Indian Boilers Act, 1923 (5 of 23) and the regulations made thereunder; Central Boilers Board.
23. Explosives – Administration of the Explosives Act, 1884 (4 of 1984), and the rules made thereunder, but not the Explosive Substances Act, 1908 (6 of 1908).
24. The Inflammable Substances Act, 1952 (20 of 1952).

III. Industries and Industrial and Technical Development.

25. Automotive Research Association, Pune.
26. National Council for Cement and Building Materials.
27. Indian Rubber Manufacturers' Research Association, Mumbai.

IV. Patents and Designs.

28. Standardisation of international products and raw materials.
29. The Designs Act, 1911 (2 of 1911).
30. The Trade and Merchandise Marks Act, 1958 (43 of 1958).
31. The Patents Act, 1970 (39 of 1970).

V. Materials Planning.

32. Coordinated assessment of demands of raw materials by sectors, industries and large units in relation to particular groups of products and to available capacities.
33. Assessment of domestic availability of raw materials with due regard to the feasibility of import substitution.

34. Assessment of requirements of imports of raw materials, with due allowance for inventories.
35. Determination of principles, priorities and procedures for allocation of raw materials.
36. All other matters connected with materials planning.

IV. Other Subjects.

37. All attached and subordinate offices or organizations concerned with any of the subjects specified in this list.

Annex B

Sanctioned Strength of Department of Industrial Policy and Promotion

Group 'A'	Sanctioned - 88	Vacant – 5
	Secretary – 1; AS & FA – 1; Jt. Secy – 4; Tech. Adviser – 1; Dir./DS – 13; Jt. Dir. – 1; Sr. PPS – 1; US – 17; Lib./Inf.Officer – 1; PPS –1; Ind. Adv (Engg) – 3; DDs – 4; Ind. Adv (Chem) – 1; AD (Plan) – 1; AIA (Engg) – 2; Sr.DO.(Engg) – 8; Sr. D.O.(Chem) – 2; D.O.(Engg) – 11; D.O.(Chem) – 2; A.D.O. – 8; Chief C. A. – 1; RO – 4;	JS – 1; Dir./DS – 2; US – 1; Ind.Adviser - (Engg)1;
Group 'B'	Sanctioned – 235	Vacant – 13
	AD (OL) – 2; PS – 24; Prot. Officer – 1; JA – 1; Asst.Lib&IO – 1; A.O.- 1; Security cum EO-1; D.O. 24; S.O. – 35; Assistants – 75; Eco. Investigators – 7; P.As – 49; Sr. Accountants – 6; Res. Asstts.– 4; Sr.Hindi Translators – 2; Data Processing Asstts – 2;	Assistants –10; Sr.Accts. – 1; Data Process. Assistants – 2;
Group 'C'	Sanctioned - 365	Vacant – 25
Group 'D'	Sanctioned - 302	Vacant – 20
Total	**Sanctioned - 990**	**Vacant - 63**

1. **Office of the Salt Commissioner, Jaipur.**

This organization was set up to regulate the development of salt industry for production, supply and distribution of salt for both edible and industrial purposes and to administer Salt Cess Act, 1953. Implementation of the National Iodine Deficiency Disorders Control Programme (NIDDCP), a plan scheme of Ministry of Health & Family Welfare for creation of adequate capacities for production and distribution, is also the responsibility of this organization. The other main functions of this office include leasing of Central Government land for salt manufacture and collection of salt cess, assignment fee, ground rent and other dues etc.

Production: Private sector plays a dominant role in salt industry contributing about 86% of the total production, while cooperative and public sectors' share in production is about 9% and 5% respectively. Salt production in 2000 is estimated to be around 156.51 lakh tones. The country is self-sufficient in salt production.

Cess on salt: A cess on the manufacture of salt at the rate of 14 paise (fourteen paise) per 40 Kg is levied and collected under the Salt Cess Act. During the year 1999-2000 the total cess collection was of the order of Rs. 264.80 lakhs, out of which financial assistance to the extent of Rs. 156.08 lakhs was given to the erstwhile licensed salt works, as per the code of principles framed by the Government.

Organisational set up: The Salt Commissioner's Office is at Jaipur. There are 5 Regional Offices located at Chennai, Mumbai, Ahmedabad, Jaipur and Kolkata, 4 Divisional Offices located at Gandhidham, Jamnagar, Tuticorin and Kakinada, and 15 Circle Offices located at different centers. The iodine deficiency disorders control division is under the charge of a Dy. Salt Commissioner stationed at Hqrs Office at Jaipur. 26 Quality control laboratories also function, manned by a Dy. Supdts. Of Salt / Chemical Assistants. The sanctioned strength and the staff in position is as follows:-

Group	Under Non-Plan	Under Plan

	Strength	In position	Strength	In position
A	12	12	03	03
B Gazetted	22	20	02	02
B Non-gazetted	55	54	10	10
C	318	292	34	27
D	443	443	18	17
Total	850	821	67	59

<u>Financial Requirements and Source of Finance:</u>

The financial requirement of the Organisation is met from funds provided by the Government through non-plan budgetary grant. Levy and collection of salt cess and assignment fee, ground rent etc. from the lessees of the Salt Department's lands are the sources of revenue collection. The cess proceeds collected under the Salt Cess Act, 1953 are utilized to meet the expenses incurred on the salt organization maintained by the Government, and on the measures taken by the Government in connection with the manufacture, supply and distribution of salt. As already stated, financial assistance is given to the affected salt works in the form of grant of ex-gratia and loans according to the rules, after assessing the damage caused to the salt works due to natural calamities. The budgetary grant-in-aid provided/approved for the Salt Commissioner's organization during 1999-2000 to 2001-2002, is shown below:

(Rupees in lakhs)

	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Plan		100*	
Non-Plan	984.89	1060	1040
Total	984.89	1160	1040

*Funds provided by the Ministry of Health for implementation of the National Iodine Deficiency Disorders Control Programme.

2. **<u>Office of the Economic Advisor, New Delhi</u>**

The Office of the Economic Adviser is an attached office in Ministry of Commerce and Industry. It was established in 1937 and is one of the oldest offices of its kind. The office assists in formulation of industrial and trade policies and excise and customs duty rates and studies their impact on industrial performance. The main **functions and activities** of this office are:

Economic Statistics

- Compilation and publication of Wholesale Price Index.
- Index of six infrastructure industries.
- Monitoring of leading indicators of Indian economy :

  Monthly Economic Scenerio.

  Key Economic Indicators.

  Manufacturing sector in India's Foreign Trade.

  Hand Book of Industrial Policy and Statistics is published every year.

Industrial Policy Advice

- Responsible for and actively involved in formulation, analysis, Monitoring and evaluation of Industrial Policy.
- North East Industrial Policy was formulated in this office.

Industrial Tariff Advice

- Examines and advises on tax structure of the industrial sector particularly before the budget and WTO ministerial meetings.
- Analyses EXIM policy issues and gives appropriate suggestions and advice in this regard.

Research Activities

- The office coordinates the work relating to Research Studies In the field of industrial development.

Upcoming Activities

Following directions of the Committee of Secretaries (in February,2000), this office has initiated work relating to

(a) strengthening of data collection system for WPI,

(b) construction of Business Services Price Index and

(c) construction of Stage of Processing Index.

Staffing Pattern: The office is headed by the Economic Adviser and has a total sanctioned strength of **94**, which includes **18** officers and **76** other staff members. The officers cadre includes two Addl. Economic Advisers, two Deputy Economic Advisers, seven Deputy Directors and three Assistant Directors.

Financial requirements and funding pattern: The budgetary grant-in-aid provided/approved for the office of the Economic Adviser for 1999-2000, 2000-01 and 2001-02, is as follows:

(Rupees in lakhs)

	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Plan	19.97	20.00	20.00
Non-Plan	116.06	134.00	146.00
Total	136.03	154.00	166.00

3. Department of Explosives, Nagpur

The Department of Explosives, a subordinate office of the Department of IP&P, has been in existence for more than 100 years. It is responsible for the administration of Explosives Act, 1884, Petroleum Act, 1934, Inflammable Substances Act, 1952, and rules framed under these Acts, namely Explosives Rules, 1983, Gas Cylinders Rules, 1981, Static & Mobile Pressure Vessels (Unfired) Rules, 1981, Petroleum Rules, 1976 and Carbide of Calcium Rules, 1987.

Activities: Apart from the administration of Acts and Rules, referred to above, the Department of Explosives oversees the safety requirements of units handling divergent types of hazardous material and offers technical coordination and expertise to many organizations in private and public sector including the ministries and statutory bodies like railways, ports, DGCA etc. It also renders advice to various authorities on subject matters covered under the various Acts/Rules and imparts training to airport security, senior police officials including CBI etc. in identifying explosives and explosive devices.

Organizational set up: The Department of Explosives is headed by the Chief Controller of Explosives and has its headquarters at Nagpur. It has five circle offices at Kolkata, Agra, Faridabad, Mumbai and Chennai, and eighteen sub-circle offices at various places all over the country. The Department has set up a central testing station at Nagpur to cater to the needs of industry for various types of testing of explosives and other critical equipment, requiring statutory approvals. The actual strength of the Department as on 31.3.2000 was 491 (113 officers and 378 staff members.

With the increase in the workload due to the increasing number of petroleum refineries, factories manufacturing industrial explosives and new rules covering pressure vessels and gas cylinders, and the number of units licensed/approved by the Department having gone up substantially, the Government of India had in May, 1995 sanctioned 262 additional posts of officers and staff and creation of new Circle/Sub-circle offices. The additional posts have since been continued and146 out of these have been filled so far.

Financial requirements and funding pattern: The budgetary grant-in-aid provided/approved for the Department of Explosives, for the years 1999-2000 to 2001-2002, is shown below:

(Rupees in lakhs)

	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Plan	Nil	200	400
Non-Plan	709.27	816	866
Total	709.27	1016	1266

4. Office of the C.G., Patents, Designs and Trade Marks, Mumbai

The Office of the Controller General of Patents, Designs and Trade Marks is a subordinate office of the Department of IP&P and is entrusted with the administration of the laws relating to industrial property, namely;

i) The Patents Act, 1970,

ii) The Designs Act, 1911, and

iii) The Trade & Merchandise Marks Act, 1958.

The **Controller General of Patents, Designs and Trade Marks** administers the laws relating to patents and designs through the **Patent Office** (H.O. Kolkata) and its regional offices and the laws relating to trade and merchandise marks through **Trade Marks Registry** (H.O.Mumbai) and its regional offices. He is also in-charge of the Office of the **Patent Information System**, Nagpur.

Financial Requirements and Source of Funding:

The budgetary grant-in aid provided/approved for the Organisation of the Controller General of Patents, Designs and Trade Marks during the years 1999-2000 to 2001-02, is as follows:

(Rupees in lakhs)

	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Plan	71.37	2200.00	2400.00
Non-Plan	982.32	1034.00	1152.00
Total	1053.69	3234.00	3552.00

The main functions of the **Office of the Controller General of Patents, Designs and Trade Marks,** Mumbai are:

1. Control and general administration of the Patent Office and the Trade Marks Registry along with their respective regional offices and the Patent Information System.
2. Advising Government on all policy matters, revision of laws, promulgation of rules etc.
3. Advising Government on all international conventions, treaties and reciprocal arrangements with other countries and to represent Government in international conferences and meetings concerning industrial property matters.

The staff strength of the Controller General's office i.e. headquarters at Mumbai is 17 (5 officers and 12 staff members).

Patents and Designs Office: This office is responsible for the administration of the Patents Act and the Designs Act. The work mainly pertains to grant of patents and all matters relating thereto, and registration of industrial designs/extension of copyrights and matters relating to such activities.

Apart from the statutory duties, the Patent Office has also to disseminate information regarding inventions patented in this country as well as in other countries. For this purpose the Patent Office, Calcutta maintains a scientific and technical library containing patent specifications of India and other important countries like USA, Australia, Netherlands, Russia, Germany, Canada, New Zealand etc.

The Patent Office publishes certain statutory and non-statutory publications e.g. a) Patents Specifications; b) Patent Office Journal; c) Weekly Notification in the Gazette; d) General information for applicant for patents; e)Annual Report of the Patent Office; and f) A guide to applicants for registration of designs.

The Patent Act and the Designs Act provide for levy of fees for various proceedings. The position of revenue collection during 1999-2000 to 2001-02 is estimated to be as follows:

(Rs. In lakhs)

	Actuals 1999-2000	Anticipated for 2000-2001	Anticipated for 2001-2002
Patents and Designs	900.66	1170.86	1346.48

Staff Position:

The staff strength in the Patents and Designs office as on 1.3.2000 was as follows:

No. of Officers	76 + 155*
No. of Staff	257 + 42

- Posts sanctioned under modernization scheme.

Trade Marks Registry: The Registry is responsible for the administration of Trade & Merchandise Marks Act. The functions of the Registry pertain mainly to Registration of Trade Marks, Registration of Certification of Trade Marks, Registration of Registered Users, Registration of Defensive Trade Marks, and to deal with all matters relating to these.

The Trade & Merchandise Marks Act provides for levy of fees for various proceedings under the Act and the rules. The Revenue collection position during the period 1999-2000 to 2001-02 is estimated to be as follows:

(Rs. In lakhs)

Actuals 1999-2000	Anticipated for 2000-01	Anticipated for 2001-02
347.51	575.00	700.00

Staff Position:

The sanctioned staff strength of the Trade Marks Registry as on 1.3.2000 was as follows:

No. of Officers	51
No. of Staff	227

Patent Information System:

The Patent Information System has been established at Nagpur in August, 1980 to:

i) conduct statutory Patent searches through Indian and foreign patents documents, as envisaged under the provisions of the Patents Act,

ii) supply patent information needed by scientists/R&D organizations/entrepreneurs/Govt. departments/undertakings and other users in the country, and

iii) procure and maintain a comprehensive collection of Patent literature, published on worldwide basis with a view to render the service needed by various users.

Staff Position

The sanctioned staff strength of Patent Information System at Nagpur is 38 (6 gazetted and 32 non-gazetted posts).

5. Indian Rubber Manufacturers Research Association, Thane

The Indian Rubber Manufacturers Research Association (IRMRA) was established as an autonomous cooperative research association under the CSIR in 1959 with the objective of promoting and undertaking basic and applied research with regard to rubber and allied products. IRMRA was brought under the Department of Industrial Development in April,1978. It is a member of Bureau of Indian Standards and is represented on a number of Committees and Sub-committees and the Divisional Council of Petroleum, Coal and related products. The Association provides services and facilities for quality analysis and product performance to end users, rubber goods manufacturers, Government sector etc.

IRMRA's in house capabilities include advanced equipments relating to identifying product ingredients, characterization, compatibility temperature requirements, shelf life, service life, weather resistance, process improvement, physical properties etc. and manpower with experience and technical qualifications. A major demand on IRMRA is for services such as testing of physical properties, standardization, specification development, design, process and product development, safety and product performance and cost effectiveness of products. Under its Plan scheme namely, **End Product Development and Testing Centre** and **Product Development and Product Standardisation,** they have expanded services, testing and R&D capabilities of IRMRA. They have acquired state of art equipments and **as the only National Test House in the field of rubber research, IRMRA has received the recognition of ISO-9001 in May, 2000.**

Staff Position: The sanctioned staff strength of the organization is 72 and the employees in position - 37.

Financial Requirements and Funding pattern:

The financial requirement of the Association is mainly for Recurring Expenses and Plan Expenses. The expenses are met from out of the budgetary grant-in-aid from the Government of India and the revenue collected from other sources, namely I) income generated from industry-sponsored projects; and 2) Membership fees. Revenue collection during 1999-2000 to 2001-2002 is estimated as under:-

(Rupees in lakhs)

	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Grant-in-aid Non-Plan Plan	17.00 100.00	15.00 100.00	15.00 100.00
Income derived from industry by Service rendered/ membership fee	57.05	85.70	125.95

6. **National Council for Cement and Building Materials**

National Council for Cement and Building Materials (NCBM) is an autonomous body registered under the Societies Registration Act, 1860.It has its units located at Ballabhgarh (Haryana) and Hyderabad (A.P.). NCBM is basically an R&D organization of national level and aims at Research, Design and Development, Technology Transfer, Education and Industrial Services for cement and allied building materials industries.

Organisational Structure: The activities of NCBM are managed by the Director General under the supervision of the Board of Governors. The Board of Governors consists of 13 members (three representatives of Govt. of India; eight nominees of Cement industry; one consumers' representative; and the Director General, NCBM). NCBM has a staff strength of 317 officials comprising of 117 Scientists/Engineers, 114 Technical support staff and 86 administrative staff.

Activities: The core activities of NCBM include identification of raw materials for cement manufacture mix design and optimization, productivity improvement including energy and environmental management, calibration testing and quality control, construction development and consumer protection and human resource development.

Cess Collection: In order to support the R&D activities of NCBM, the Government of India imposed a cess in 1993, to be collected at the rate of 75 paise per ton on cement produced. The money thus collected is first deposited in the Consolidated Fund of India and thereafter allocated research and development activities under non-plan provision of the Department in the name of NCBM. The cess collection and its allocation to NCBM in the last 3 years has been as under:-

(Rs. In lakhs)

Year	Cess Collection	Utilisation by NCBM
1997-98	548	403
1998-99	601	394
1999-2000	733	386
2000-01	800	400

Financial Requirements and Funding Pattern:

The major resources of funding of NCBM's activities are :-

1. Internal generation of funds;
2. Plan grant-in-aid; and
3. Cess Fund support.

A statement showing the resource mobilization and utilization position in the last three years, is given below:

(Rs. In lakhs)

Sources of Funds	1998-1999	1999-2000	2000-2001

Plan Grant	150.00	150.00	126.50
Cess Grant	390.00	386.00	400.00
Internal Generation	513.00	506.00	830.00
Total	**1053.00**	**1042.00**	**1356.50**
Utilization of Funds			
Capital Expenditure	72.17	96.82	110.00
Recurring Expenditure	1002.62	1029.27	1100.00
Repayment of ICICI loan	15.78	15.20	15.20
Total	**1090.57**	**1141.29**	**1225.20**
Deficit/Surplus (-) / (+)	**(-) 37.57**	**(-) 99.29**	**(+) 131.30**

An increased Plan Grant of Rs. 600 lakhs has been approved for NCBM in 2001-2002 (B.E.). It has been explained that Plan Fund allocation to NCBM during the 8th Five Year Plan period, and the 9th Five Year Plan (in its first 4 years) was Rs.100 lakhs and Rs.480 lakhs respectively only. It has been stated that investment in infrastructure facilities which has become long overdue for modernization and upgradation, has been minimal. NCBM's requirement for the year 2001-02 was, therefore, placed at Rs.1000 lakhs. The matter was considered by the Ministry as well as in the Planning Commission and it was decided to allocate Rs. 600 lakhs to NCBM for R&D activities and infrastructure facilities and to make it self reliant.

7. Central Manufacturing Technology Institute, Bangalore.

The Central Manufacturing Technology Institute (CMTI) at Bangalore is an industry oriented R&D organization, registered as a society under the Karnataka Societies Act. The Institute was set up in 1963, in technical collaboration with the Institute of Machine Tools and Production Engineering (VUOSO) Czechoslovakia. The R&D efforts of CMTI are aimed at supporting the industry, particularly the SME (Special Machines/Equipment) sector, to achieve excellence in technology. CMTI assists them to acquire, develop and assimilate technology in the machine tools sector by providing the manufacturing industry with design input, prototype manufacturing, precision engineering, testing and inspection facilities. CMTI is assisting small and medium industries through its training programmes. CMTI also serves strategic and defence sectors with vital inputs to develop solutions to denied technologies. It has been assisting the government organisations in defence, space and nuclear related areas. In late 1960's CMTI planned, acquired, absorbed CNC technology and started transferring it to the industry at large, with the result that today, CNC manufacturing has become 'garage industry' in India.

Organisational Set up: The Institute is an autonomous body and is governed by a Council whose members are drawn from the Government and the machine tool manufacturing and user industries in private and public sector. A Technical Committee assists the Governing Council. CSIR is also represented on the Council.

The Institute has a sanctioned strength of **822** (as on 31.3.2000), which includes **625** Technical and **197** non-Technical posts. As per the latest, information, only about 50% of the posts have been filled up so far. The in position staff, therefore, is **442** (**325** Technical and **117** non-Technical).

Financial Requirements and Source of Finance:

The revenue generation of CMTI from the services rendered to the industry is not enough to meet the recurring expenses and it has to depend on grant-in-aid from the Government's budgetary allocation. Plan funds are also provided by the Government of India for the R&D activities. The grant-in-aid provided to/approved for CMTI during the years 1999-2000 to 2001-2002, is as follows:

(Rupees in lakhs)

Year	1999-2000 (Actuals)	2000-2001 (R.E.)	2001-2002 (B.E.)
Grant-in-aid Plan Non-Plan	300 300	500 270	500 250
Income derived from industry by CMTI services	767	1069	1181
Total	1367	1839	1931

8. Central Pulp & Paper Research Institute (CPPRI), Saharanpur:

The Central Pulp and Paper Research Institute (CPPRI) is an autonomous body registered under the Societies Registration Act, 1860. The Institute was set up in November, 1980 and aimed at promoting research and development in pulp and paper. A project namely "Exploration and identification of alternative fibrous raw materials for paper and newsprint manufacture" was undertaken jointly by the Government of India and UNDP/FAO in 1975 to overcome the shortage of raw material and to increase paper production in the country. The Institute, therefore, came into existence as a follow up activity of the UNDP project.

The main objectives of CPPRI are:

- to promote research and scientific work connected with pulp and paper industries,
- to establish and maintain laboratories, pilot plants and workshops for the R&D work,
- to encourage discoveries and acquire patent improvements,
- to promote cooperative research programmes with other research organizations, and
- to provide a central technical information service and to publish periodicals on the activities having bearing on the paper industry.

Organisational Set up:

The management of the Institute vests in the Council of Association (Governing Body) consisting of 14 members comprising of representatives of paper industries, Department of IP&P, Department of Science & Technology (DST), CSIR, Indian Council of Forestry Research and Education, Dehra Dun, University of Roorkee.

The staff position as on 31.3.2001 is as shown below:

Scientific and other technical personnel	82
Administrative, Finance and supporting staff	34
Temporary staff	22
Total	**138**

Financial Requirements and Sources of Finance:

The Institute receives financial support both for the Plan and Non-Plan activities from the Government of India. Financial support is also received from international agencies like UNDP for UNIDO assisted projects, and from different government departments for their specific sponsored projects. Revenue earning also come from different agencies/mills for sponsored work/consultancy/tech. services/membership fee etc. About 38% of the non-plan expenditure of the Institute is met from the internal revenue generation. The budgetary grant-in-aid provided to/approved for CPPRI during 1999-2000 to 2001-2002, is shown in the table below:

(Rs. In lakhs)

	1999-2000 (Actuals)	2000-2001 (RE)	2001-2002 (BE)
Plan	223.81	230.00	360.00
Non-Plan	137.00	117.00	117.00
Total	360.81	347.00	477.00

9. Automotive Research Association of India, Pune

The automotive Research Association of India (ARAI), set up in 1966 at Pune, is a cooperative research association of the Automotive Industry. The objectives of the Association are R&D in the automotive engineering for industry, product design and development, evaluation of automotive equipment and ancillaries, standardization, technical information services and execution of advanced courses on application of modern technology etc.

Activities: The main activities of ARAI are :

(a) Research and development programmes for modernization and updating of design and technology in automotive industry.

(b) Evaluation of performance of vehicles and its components.

(c) Testing of vehicles for purpose of road worthiness, fuel efficiency, emission, co-relation, CMVR certification, safety standard tests, CNG safety code, testing of construction equipment vehicles, foreign vehicle validation trial for Indian road and environmental conditions etc.

(d) Evaluation of standards on safety of vehicles and related components on behalf of Government of India to assist in promulgation of legislation.

(e) To keep Indian automotive industry appraised of latest developments in the world by collection, compilation and dissemination of technical information and to conduct international workshops and seminars on the modern trends of technology in automotive sector.

(f) Offering consultancy to industry in automotive research and development.

<u>Organizational Set Up:</u>

The activities of ARAI are administered by a Governing Council consisting of twenty four elected representatives from the member companies, three nominees from the Government and Director of ARAI. The sanctioned strength and the employees in position of the Institute are 370 and 342 respectively.

<u>Financial requirement and Sources of finance:</u> Apart from the grant-in-aid from the Government of India as well as support from automobile cess funds, ARAI mobilizes internal resources through membership subscriptions from member companies, receipts from testing, consultancy services and through sponsored projects from the Industry.

The grant-in-aid provided for/approved by the Government of India under Plan and Cess for R&D activities, and the internal resources mobilized by ARAI during 1999-2000 to 2001-2002, are as follows:

(Rs. In lakhs)

	1999-2000 (Actuals)	2000-2001 (RE)	2001-2002 (BE)
Grant-in-aid:			
Plan Funds	200	200	100
Cess (Payment of Development Council for Automobile and Allied Industries)	900	900	1000
Own generation	1300	2000	2200
Membership Subscription	160	160	160
Interest and other income	140	170	180
Total	1600	2330	2540

10. <u>National Institute of Design, Ahmedabad</u>.

The National Institute of Design (NID) at Ahmedabad is an autonomous body set up by the Government of India in 1961, for Education, Research and Service in industrial design and communication design. NID is registered as a society under the Societies Registration Act and as a Public Trust under Bombay Public Trust Act. The Institute has been recognized as a scientific and industrial research organization by DSIR.

<u>Activities:</u> NID aims at promoting design awareness and application towards raising the quality standards of Indian products, systems and environments towards increased employment and earning opportunities through design application. The Institute conducts Professional Education Programmes both at the graduate level (4 year programme) and at the post graduate level for graduates (2 ½ year programme) in design disciplines like Product design, Textile design, Furniture design, Ceramic design, Apparel design, Graphic design, Animation design and video programming etc. Under its R&D programmes, the Institute undertakes design development of products as well as projects to explore fresh areas for design application, which can later be incorporated into training and client service programmes.

NID also conducts programmes to meet specific requirements of Industry and craft sectors. Short-term training programmes, workshops, seminars and design-clinics for product development are conducted at NID as well as in the field through NID's Design Cells operating at New Delhi and Bangalore.

Organisational Set Up: The activities of the National Institute of Design are administered, directed and controlled by its **Governing Council** in accordance with the rules and regulations of the Society. The Governing Council consists of the Chairman (as nominated by the Central Government), and 22 members, which include inter-alia the Mayor of Ahmedabad, the Chief Secretary to the Government of Gujarat, representatives of Ministries of IP&P, Education and Finance, a management expert, an outstanding craftsman and representative of small scale industry, professionals from the fields of Engineering, Technology, Architecture, Fine Arts and the Executive Director of the Institute. The **Executive Director** is the Principal Executive Officer of the Society. He is assisted by the Secretary and such other officers as are appointed by the Governing Council from time to time.

Faculty and Staff Position:

S.No.	Category	As on 1.4.2000 (Actual)	As on 1.4.2001 (Anticipated)	As on 1.4.2002 Estimated)
1	Academic and Technical Staff (Designers, Engineers, Technicians, and Faculty)	56	62	66
2	Administrative Staff (Administration, Accounts and Library staff)	59	60	64
3.	Studio staff (Design Assistants and skilled workers)	80	84	84
4.	Peons, Watchmen, Drivers, Gardeners, Cleaners etc.	50	50	50
5.	**Total**	**245**	**256**	**264**

Financial Requirements and Source of Finance: A part of Institute's expenditure is met from grants-in-aid received from the Government of India, while the balance is met from internal resources generated through Tuition fees, Training fees, service charges and consultancy earnings (client project receipts) etc. Estimates of grants-in-aid and internal resource mobilization during the years 1999-2000 to 2001-2002 are shown in the two tables given below:

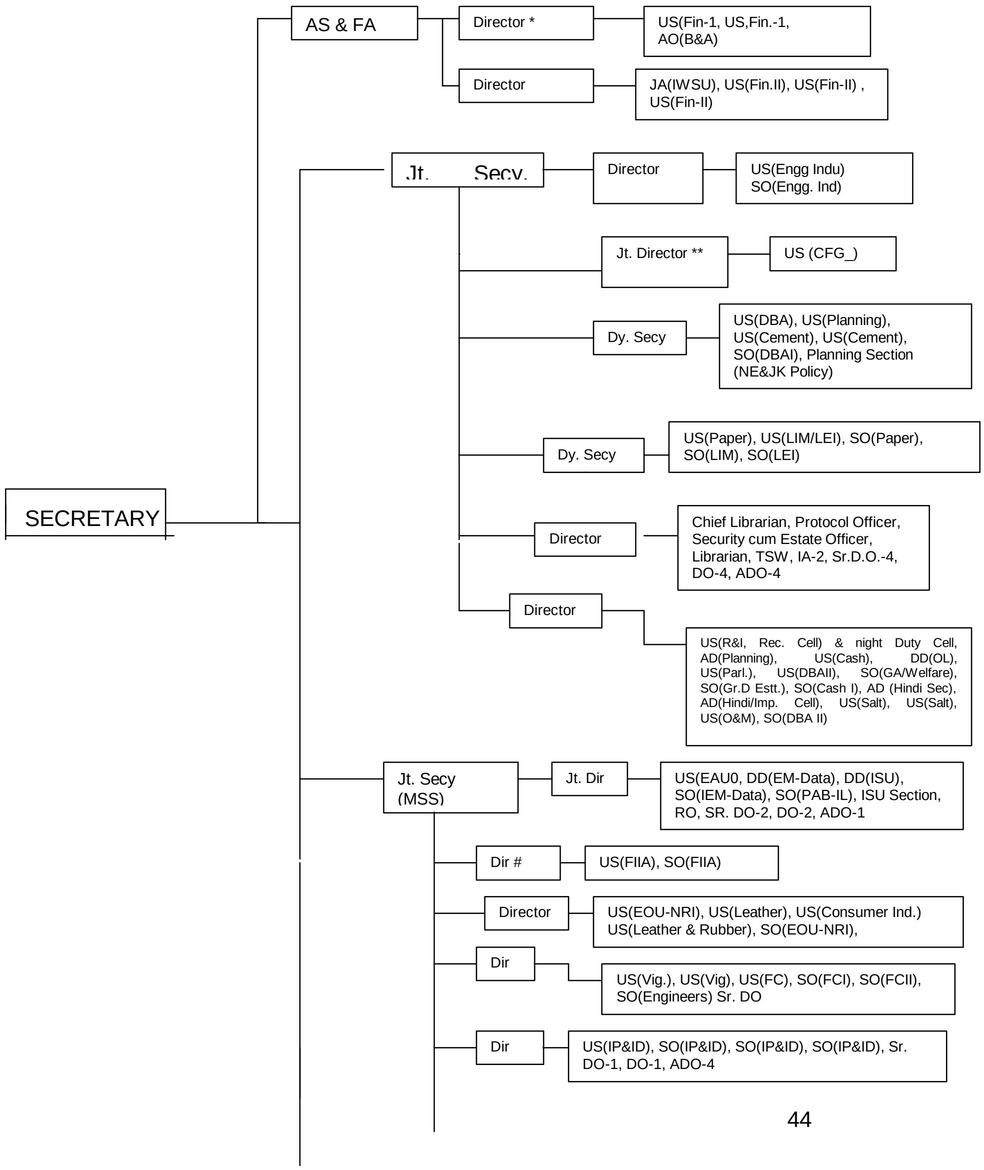
(Rs. In lakhs)

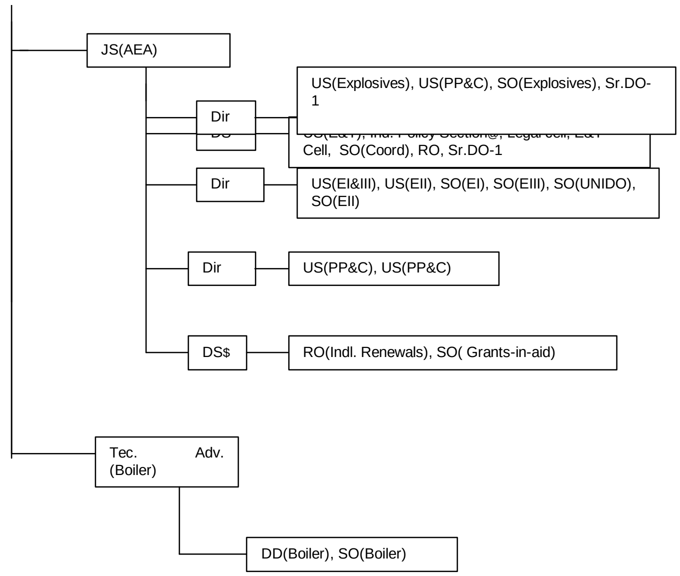
Govt.'s grant-in-aid	1999-2000 (Actual)	2000-2001 (RE)	2001-2002 (BE)
Plan	547.00	600.00	900.00
Non-Plan	80.00	72.00	72.00
Total	**627.00**	**672.00**	**972.00**

Internal Resource Generation	1999-2000 (Actual)	2000-2001 (RE)	2001-2002 (BE)
Service charges and client project receipts	178.17	190.00	215.00
Tuition fees/ Hostel fees	131.25	130.00	145.00
Miscellaneous income	30.69	30.00	30.00
Total	**340.11**	**350.00**	**390.00**

Annex D

Organisation chart of the Department of Industrial Policy and Promotion





Dir(FIIA) reports to JS(AEA) as Dir(Admn).
@ Work of Indl. Policy section is routed through US(EOU-NRI-TDF).
$ DS incharge of GIC/Indl. Renewal Section also handles Paper, LIM (Light Indl. Machinery(and LEI (light electrical industries) Section and reports to JS(SJ)

* Director (Fin I) reports to JS(SJ) for work of computerisation (under GA Section) and to JS(MSS) for work relating to EOU-NRI/Consumer Industries/leather
** Jt. Director in charge of CGF (Ceramic, Glass, Films) desk, also reports to JS(MSS) for work from DD(EMI-Data) and (PAB-IL).

Annex E

Department of Industrial Policy and promotion

Revised Staffing Pattern

S. No.	Post	Sanctioned Strength	Post(s) to be be retained	Post(s) to be abolished
1.	Secretary	1	1	-
2.	AS & FA	1	1	-
3.	Joint Secretary	4 (Inc. one vacant)	2	2
4.	Tech. Adviser (Boiler)	1	1	-
5.	Director/DS/Jt. Director	14	6	8
6.	Sr. PPS	1	1	-
7.	Under Secretary	17	10	7
8.	PPS	1	1	-
9.	Chief Librarian/IO	1	1	-
10.	Deputy Director	4	4	-
11.	Assistant Director (Plng.)	1	1	-
12.	Research Officer	4	4	-
13	Indl. Adviser (Engg.)	3	1	2
14.	Indl. Adviser (Chem)	1	1	-
15.	AIA (Engg.)	2	-	2
16.	Sr. Development Officer	10	-	10
17.	Development Officer	13	-	13
18.	Asstt. Dev. Officer	8	-	8
19.	Chief Controller of Accts.	1	1	-
20.	AD(OL)	2	2	-
21	Desk Officer	24	17	7
22.	Section Officer	35	19	16
23.	Jr. Analyst	1	1	-
24.	Accounts Officer	1	1	-
	Total	**151**	**77**	**74**

PART VII

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

DEPARTMENT OF EXPENDITURE

Table of Contents – Department of Expenditure

Executive Summary

1. The Department of Expenditure in its present form has been in existence since 1974. The Department is concerned with expenditure related financial policies of the government covering financial rules, regulation, delegation of financial powers, sanction of expenditure proposals beyond delegated levels, review of staffing pattern and staff strengths of establishments, general principles of government accounting, administration of Central Treasury Rules and Plan Finance – both for the Central Plan and State Plans.

2. The Department is organised into eleven divisions to handle the subjects enumerated above.

3. Broadly speaking, the entire gamut of expenditure management can be grouped into three sectors viz. Plan Finance, Non-Plan Finance and Financial Advice and Accounts.

4. Plan Finance is looked after by two divisions in the Department viz. Plan Finance I and Plan Finance II. Each of these is headed by a Joint Secretary. The former looks after State Plans, release of central assistance and related subjects while the latter looks after Central Plan Schemes of Union ministries, budgetary resources etc.

5. The outlay levels currently prescribed requiring approvals of EFC/PIB appear to be appropriate. However, it is suggested that these should be reviewed every three years to sustain the extent of delegation to the Ministries.

6. The Finance Commission Division deals with implementation of the Commission's recommendations. The charge of the Division is appropriately with JS(PF I) handling State Plan Finance. The Division has excessive staff at support levels – possibly, the result of absorbing all the "left over" staff of the Commission. The nature of the Division's work is officer oriented and should be put on a computer mode. The staff required at the level of LDCs/Daftry/Jamadar/Staff Car-Scooter Drivers/ Group D employees etc., would need to be drastically reduced.

7. The core functions of the Establishment Division relate to examination of proposals for creation of posts, determination and revision of pay scales and all pay related allowances, pensions and terminal benefits and grant of bonus. The Division also handles delegation of financial powers and financial proposals beyond delegated powers and also individual cases involving policy interpretation/relaxation referred to it by ministries. For containment of non-plan expenditure, the Establishment Division needs to focus more on issues having larger financial significance on the non-plan side. The capabilities for undertaking studies in various areas would, therefore, need to be strengthened. Towards this end arrangements would have to be put in place for reducing the flow of routine references.

8. There has to be more delegation of financial powers to ministries under Delegation of Financial Powers Rules (DFPR). The volume of references for policy interpretation/relaxation also needs to be reduced by enhancing the powers of the Ministries to deal with organizations under their jurisdiction. A Committee headed by Additional Secretary (Expenditure) with 3 FAs as members could be constituted to make specific recommendations in this regard. The feasibility of entrusting to the Department of Personnel & Training, the responsibility of interpreting policy in respect of matters related to service conditions of government servants and also allowances excluding Dearness Allowance and Foreign Allowance, and considering proposals for specific relaxations thereof could also be explored.

9. The Department need not examine proposals for foreign tours of senior officers/official delegations. Clearances required by senior officers should be obtained by the concerned Secretary directly from the Cabinet Secretary. The Department should seek to regulate foreign travel through strict enforcement of budget provisions.

10. The Pay Research Unit at present collects, compiles and analyses data on Pay and Allowances of Central government civilian employees and also employees of Union Territory administrations. This Unit, to be redesignated as the

"Expenditure Research Unit", should be suitably strengthened to undertake studies in various items of non-plan expenditure like dearness allowance, productivity linked bonus, commutation of pension, overtime, various perquisites extended by different Ministries, expenditure on staff cars, overtime, LTC, foreign travel, domestic travel, expenditure on air travel, hospitality etc. It should compile and present data in disaggregated manner ministry-wise and also for the government as a whole. For this purpose the Unit needs to be strengthened not only in terms of number of officers/staff but also in terms of their aptitude and fitness for the job. It would be advisable to put the Unit entirely in a computer mode so that non-qualified support staff is kept at minimum. The unit could also farm out studies to institutions like NIFM, IIMs, IIPA etc.

11. Given the fact that the Commission has identified a number of organisations with large staff complement for an assessment of staff requirements, SIU has to continue. The SIU should assess staff needs not merely with reference to given work and procedures but also evaluate the need for the activity to be performed by government organisations and procedural modifications feasible due to information technology and modern office equipment. The Internal Work Study Units (IWSU) located in different Ministries which have not been very effective, could be abolished. In view of the enlarged mandate, the SIU may have to be strengthened and better equipped to discharge the responsibility adequately. However, there does not appear to be a need for a large complement of support staff at clerical and group D level. The number of such posts should be reduced.

12. JS(Per) should deal with non-plan expenditure and personnel issues and be designated as JS(Per & NPE). Additional Secretary (Expenditure) should have the primary responsibility of dealing with all matters concerning non-plan expenditure. For this purpose, JS(Per & NPE), ERU and SIU should report to him.

13. For the purpose of drawing up a work plan for ERU and SIU, a consultative mechanism should be put in place by involving Secretary, DOPT, Secretary, Planning Commission and Additional Secretary (Administrative Reforms).

14. To optimally utilise the officers at the level of FAs and CCAs and reduce overstaffing, government should consider combining the functions of giving financial advice and supervision of accounts at the top level in a Ministry. The Eshwaran Committee which examined IFA scheme in 1996 had suggested that FA should be responsible for compilation and consolidation of departmental accounts as well. It is recommended that the posts of FA and CCA be merged as a combined FA/CCA post. The officer so appointed would be assisted on the accounts side by Controller of Accounts of appropriate level and on the financial advice side by Direct/DS (Finance). This arrangement will enable the government to appoint FA-cum-CCAs independently for more Ministries and it may no longer be necessary to require some FAs to look after 3 or 4 departments as is now the case. Thus, as against 25 posts of FAs and 19 posts of CCA/Principal CCAs (total 44 posts) there may be need for lesser number of officers at this level.

15. To ensure that the above arrangement does not adversely affect the promotion prospects of the officers of the Indian Civil Accounts Service who are currently working as CCAs, a suitable proportion of the posts of FA-cum-CCAs (both at JS & AS level) may be filled by eligible and suitable ICAS officers. In CGA's office there are 19 Gr.A posts of which 6 are at the level of Joint Secretary and above. Keeping in view the suggested combining of the posts of FAs and CCAs and the functional needs of the CGA's office, the strength of the Indian Civil Accounts Service, including the size of annual intake, and structure of the posts at different levels be examined as part of the Cadre Review of the Service.

16. Central Pension Accounting Division issues special seal authority for payment of civilian pensions to public sector banks and ensures their internal audit. It also prepares budget for pension payments. The need for a separate setup for the purpose is accepted.

17. Bulk of the work of the Cost Accounts Branch emanated from the prevailing administered price mechanism in many sectors. With changes in economic policies and gradual dismantling of administered price mechanism, such work would have declined. The CAB strength should reflect the changing

situation. Its existing staff strength be deployed in areas where their expertise is needed. In the long run, even in such areas the feasibility of accessing the required expertise from practicing professionals on a case-to-case basis would need to be explored.

18. Given the above scenario, it is felt that the Department of Expenditure should make an assessment about the immediate and future requirement of the service and structure it accordingly. Pending such study fresh recruitment to the service should be stopped.

19. Some significant issues related to the non-plan expenditure having large financial implications are detailed in section 7. Some of the more important issues dealt with relate to dearness allowance, bonus, pension reform, staff cars, subsidies, user charges, etc.

1. Introduction

1.1 The Department of Expenditure, Ministry of Finance as it is known today, came into existence in 1974 with the bifurcation of Department of Revenue and Expenditure. The work handled by the Department has, however, been part of the responsibility of an omnibus Finance Department which had come into existence as far back as 1810. The content and coverage of the Department's mandate has, however, varied with changes in the avenues of government expenditure and their importance in the scheme of expenditure control.

1.2 The Department is concerned with expenditure related financial policies of the government covering financial rules and regulations and delegation of financial powers, financial sanctions on issues not covered by delegated powers, review of staffing of government establishments, general principles of government accounting, administration of Central Treasury Rules, State finances, plan budget, planning and development finance, capital restructuring of public sector undertakings etc.

1.3 The *raison-d'etre* of an expenditure department in a developing economy has to be expenditure 'management' which is a broader concept than that of expenditure 'control' which Departments of Expenditure commonly perceive as their mandate. The concept of expenditure management implies not only limiting expenditure within bounds dictated by prudence. It also has to ensure proper intersectoral allocation and utilization of existing assets both financial and physical, and also manpower resources, so as to optimize their benefits and impact in achieving the desired objectives. Proper and timely accounting of expenditure is an essential adjunct of expenditure management and has to be viewed as an essential input in the whole process.

1.4 Such a perceptive appreciation of the role of Department of Expenditure would demand a more pro-active and positive interface between the Department and the other ministries/agencies of the government as against the reactive, negative image in which it is perceived to day. The Chairman had prepared a concept paper titled 'Towards a Better Expenditure Management System'. Some of the issues raised therein are so fundamental that extensive consultations for deciding the lines on which changes would be required to be made. In these circumstances as the Department of Expenditure was taken up for review only towards the end of the Commission's tenure, this paper could not be taken up for discussion at the Commission. This paper is at Annex – I.

1.5 The Department at present comprises eleven divisions as follows:-

1. Administration Division
2. Establishment Division
3. Plan Finance Division
4. Finance Commission Division
5. Miscellaneous Departments Division
6. Staff Inspection Unit
7. Cost Accounts branch
8. Organisation of Controller General of Accounts
9. Monitoring Cell
10. Central Pension Accounting Office
11. Pay and Accounts Office

1.6 Broadly speaking, the gamut of expenditure management can be grouped into three sectors Viz. Plan Finance, Non-plan finance and accounts. In the succeeding paragraphs the existing structure of the Department of Expenditure is sought to be examined within the framework of these three core functional responsibilities.

2. Plan Finance Divisions

2.1 The Plan Finance Division, is concerned with management of expenditure in relation to Five Year Plans. The two distinct segments of the Plans viz. Central Plans and State Plans are handled in two separate divisions viz. Plan Finance I and II.

a. Plan Finance Division - I

2.2 This division deals with assessment of financial resources for State Plans, release of central assistance, analysis of State budgets, matters relating to Centre-State financial relations, fiscal reforms in States, finances of State Electricity Boards, State Road Transport Corporations, matters relating to finances of local bodies etc.

b. Plan Finance Division - II

2.3 This division deals with Central Plan schemes, internal and extra budgetary resources and budgetary support for Central Plan, capital restructuring of public sector undertakings, Public Investment Board, appraisal of Expenditure Finance Committee proposals etc. The outlay levels currently prescribed for bringing programmes/schemes/projects for approval of EFC or PIB appear to be appropriate. These limits would need to be revised every three years so as to take note of the developments during that period.

2.4 These divisions are headed by Joint Secretary PF-I and Joint Secretary Secretary PF-II with adequate support structures.

c. Finance Commission Division

2.5 The implementation of Finance Commission's recommendations, including legislation and issue of Presidential and executive orders/sanctions, constitutes an area of work closely related to plan finance and although the Department has a separate Finance Commission Division, the charge is appropriately vested in the Joint Secretary in charge of Plan Finance I. This Division has 5 officers and 32 support staff. The sanctioned strength of the Division has increased by 1 officer and 12 support staff since 1999, although *prima facie* no extra workload appears to have devolved on this Division during the last two years. Apparently the sanctioned staff strength has increased to accommodate staff from the last Finance Commission. Besides, the nature of work is essentially officer oriented, with only a limited requirement of support staff at the level of investigators, computers and stenographers. There is not much justification to have in this Division posts such as a Senior Librarian, 8 UDCs/LDCs/Computers, a Staff Car Driver, a Scooter Driver, a Daftry, a Jamadar and 13 Group D Staff. The post of Senior Librarian, 4 posts of UDC/Computer/LDC, the posts of Staff Car Driver, Scooter Driver, Jamadar and 8 Group D posts could be abolished without affecting the Division's operational capability.

3. Non Plan Finance

3.1 This is the second major area of concern for the Department of Expenditure. However, there is no Division named as such.

(a) Establishment Division

3.2 The core area of work for the Division relates to proposals for creation of posts, determination and revision of pay scales, determination and revision of Dearness Allowance and other allowances commonly linked to pay scales, pay fixation cases, issues relating to rates of pension and terminal benefits, bonus etc. It also deals with financial rules and regulations and delegation of powers to the ministries.

3.3 In the context of the felt need to contain the growth of non-plan expenditure and also to promote increased efficiency and productivity in the various activities, the focus of the Establishment Division should be more on larger issues having significant implications on the non-plan expenditure side. To enable this Division to play a more critical role in management of non-plan expenditure action would need to be taken to reduce its involvement in having to deal with routine and financially insignificant but time consuming references for expenditure or policy relaxations/interpretations.

3.4 The objective of reducing the number of references relating to relaxations of prescribed limits can be achieved by enhancing the delegation of financial powers to the ministries. There is scope for further delegation of powers with control being exercised through budgetary allocations. The volume of references for policy interpretation/relaxation also needs to be reduced by enhancing the powers of the ministries to deal with organisations under their charge. A committee headed by the Additional Secretary (Expenditure) and comprising three financial advisers as members could be constituted to make specific recommendations in this regard. The feasibility of entrusting to the Department of Personnel & Training the responsibility of policy interpretations and relaxations in matters related to conditions of service and allowances other than Dearness Allowance and Foreign Allowance could also be explored. The Division also functions as a secretariat of the Screening Committee in cases of delegations/deputations/tours abroad. This does not seem necessary. Ministries have vast financial powers and their heads could be trusted to be judicious in matters of expenditure on foreign travel also. If clearances are required because of the status of the person travelling abroad, the Secretary of the Department should get them directly from the Cabinet Secretariat. The enforcement of cap on foreign travel, if desired, should be through rigid adherence to budget provisions.

(b) Pay Research Unit

3.5 Established in 1968, this Unit is mainly responsible for collection and compilation and analysis of data on actual expenditure incurred on pay and various types of allowances as well as data relating to the strength of the Central Government civilian employees and employees of Union Territory Administration. The Unit brings out an annual publication, albeit with a time lag, entitled 'Brochure on Pay and Allowances of Central Government Civilian Employees'. The Unit also works out the financial implications of the proposals of the government and also those coming before the National Council of JCM in regard to pay scales and allowances.

3.6 Studies and research on the size, growth and content of government's non-plan expenditure should constitute an important ingredient in government's strategy to take informed and effective measures to manage its non-plan expenditure. For such analysis to be an effective tool in non-plan expenditure management it has necessarily to be on a disaggregated basis. The Pay

Research Unit should, therefore, undertake collection of data on a wide range of expenditure items and compile them on a disaggregated basis for specific items of expenditure. For example, it would be worthwhile to know ministry-wise as well as in aggregate government expenditure on telephones, POL, charges for staff cars, overtime, LTC, foreign travel, domestic travel and within that on air travel, hospitality etc. The items listed here are merely by way of illustration and the Department needs to be continually on the lookout for curtailing wasteful expenditure. The expenditure data should be studied in aggregate terms as also with reference to trends obtaining in other countries like say China, UK, Australia, USA etc.

3.7 The other and perhaps even more important segment of the PRU's work should relate to research/studies in specific matters having significant financial implications. Such areas can be change in the composition of the basket of goods and services which determines dearness allowance to reflect changing consumption patterns, or commutation of pension, non-plan subsidies, perquisites available to employees in government and public sector undertakings, user charges for various services provided by government and so on. Section 7 of the Report outlines at some length some of these issues that would need to be examined by the Pay Research Unit.

3.8 To properly reflect its enlarged mandate and the scope of its work, the Pay Research Unit should be renamed Expenditure Research Unit (ERU). The Unit would need to be considerably strengthened – not only in terms of number but also in terms of induction of qualified/specially trained personnel at officer level – if it is to discharge effectively the tasks envisaged for it. Some of the Sr. Analysts, Jr. Analysts and Technical Assistants likely to become surplus on the closure of IWSUs (examined in succeeding section) could be absorbed in the Unit as technical support staff. It should, however, be ensured that the Unit is put in a computer mode so as to obviate the need for any increase in non-technical support staff.

3.9 The mandate now suggested would result in an enormous increase in the workload of Expenditure Research Unit. It would, therefore, be necessary, in fact more advantageous, to farm out some of the research work to organization like NIFM, IIMs or IIPA etc.

(c) Staff Inspection Unit

3.10 Staff Inspection Unit (SIU) handles the task of 'Review of the staffing of government establishment with a view to securing economy', which falls within the purview of the Department of Expenditure. This is done through periodical evaluation of staff requirements of Ministries with reference to the work undertaken and procedures adopted. SIU also determines norms of work-staff equations in respect of routine secretarial work on an all-Secretariat basis. It does not, however, undertake any evaluation of the procedures followed by the Department in the context of availability of modern office equipment or the time taken by officers and staff to do any piece of work, other than routine secretariat work.

3.11 The SIU is headed by a Director and has a sanctioned strength of 76. Category-wise distribution of these is set out below.

Director	1
Joint Director/Deputy Secretary	2
Under Secretary	5
Senior Analyst	5
Junior Analyst	23
Technical Assistant	4
Section Officer/PS	2
PAs	4
Asstt./Steno./UDC/LDC	16
Daftry	2
Peon	10
Farash/Sweeper	2
Total	**76**

3.12 SIU's evaluation of establishments of Ministries is done through about 10 study teams – each team headed by an Under Secretary or Senior Analyst and comprising of three Junior Analysts.

3.13 In addition to the SIU in the Department of Expenditure, each ministry has an Internal Works Study Unit (IWSU). These are entrusted with, more or less, the same functions as the SIU with the limitation that each IWSU restricts itself to the ministry to which it belongs. While the idea of self-assessment and regulation in terms of staff requirement is commendable in principle, in practice the idea has come a cropper. IWSUs being internal organisations have not been very effective in identifying redundancies either of functions of or staff in their ministries. They have been used by the ministries more for assessment of staff requirements where new set ups are created or demand for additional staff is made by existing units, to support proposals for creation of posts.

3.14 There is clearly an overlap of functions of IWSUs and SIUs and there is a case for one of the two setups being wound up. The main argument for SIU, in preference to IWSUs, is that IWSUs have not been able to function as independently as desirable in assessment of redundancies of staff since they have not been immune to the pressures of the officers of the ministries in which they function. A very broad review of the work done by various IWSU units during the last five years lends support to this view. Most of them have undertaken very few studies in the recent years. In some departments the IWSU staff is being assigned to do O&M work while in a few others the staff sanctioned for IWSU is being utilized in other units/sections. All in all, very few ministries appear to give IWSUs the importance that they merit. On the other hand SIU's studies over the same period have resulted in recommended/implemented abolition of 6203 posts involving an expenditure of Rs.69.88 crore per annum. There are also a large number of SIU reports that are in various stages of pendency in the government.

3.15 As the IWSUs functioning in different ministries have not been able to play any significant role in the matter of undertaking work-studies or expenditure control, they may be abolished. Information available in respect of 32 ministries/departments, excluding Railway Board and Telecommunications, show that the IWSUs in these organizations have a staff complement of 57 Senior and Junior Analysts, 60 Research Assistants, 58 support staff and 30 Group D employees. Some of these officials could be inducted for strengthening the Expenditure Research Unit and the SIU.

3.16 With the abolition of the IWSUs the SIU would need to be reorganized and more focused and to some extent even strengthened to undertake the various establishment evaluation studies suggested by the Commission in respect of a number of organisations. In such studies the SIU should also examine the need for the activity to be carried out in a government organizations and also whether the procedures adopted would admit of simplification and whether in line with the induction of IT facilities in data storage and processing the staff requirement as earlier assessed would still be necessary. The SIU studies of staff requirements of a Ministry should, like audit, follow a regular cycle may be at intervals of every four years.

3.17 While the SIU restructures itself internally in computer mode with emphasis on technical competency to ensure focussed attention on the given mandate, it also needs to substantially reduce unwarranted and excessive support establishment like LDCs/UDCs (16) and Gr. IV Staff (14). These could be reduced to half their present level.

3.18 The restructured SIU and the strengthened Pay Research Unit would constitute the two research and study units devoting attention and energies to ministry-wise studies of procedures, staff strengths and all-government research on sub-sectorwise expenditure trends, ratios and correlations, identification of aberrations-deviations and formulation of proposals for corrective action. They should work according to an annual programme. A consultative mechanism be set up involving Secretary, DOPT, Secretary, Planning Commission and Additional Secretary, Administrative Reforms in the drawing up of such plans.

3.19 While JS(Per) could be designated as JS(Per & NPE) to reflect the significance of management of non-plan expenditure in the establishment division, the principal responsibility in regard to all work relating to management of non-plan expenditure should be that of Additional Secretary (Expenditure) to whom JS(Per), ERU and SIU should report.

(d) Administration Division

3.20 Administration Division handles establishment and general administration matters pertaining to the Department of Expenditure. The Division consists of the usual number of sections handling cadre administration, establishment, vigilance, parliament work, coordination, R&I etc.

4. Integrated Finance Division

4.1 The Integrated Finance Unit of the Department, tenders financial advice on all matters involving expenditure by the Department. It also prepares budget estimates in respect of the Department.

4.2 A Miscellaneous Departments Branch functions as Associate Finance to a number of Department or organisations which are very small to have their own Integrated Finance Units such as President's and Vice President's Secretariat, Cabinet Secretariat, Lok Sabha Secretariat, Rajya Sabha Secretariat, PMO, Supreme court of India and Ministry of Parliamentary Affairs. The overall supervision of the Branch is with the Financial Adviser of the Department.

5. System of Financial Management through Integrated Financial Advisers

5.1 An area though not directly part of the Department of Expenditure but very much germane to the whole gamut of expenditure management which is proposed to be only flagged for further examination is the system of Financial Advisers located in each ministry/department. The Eshwaran Committee had examined this system in 1996. The Chairman's paper at annex-I also touches on this issue.

5.2 The issue of integration of the structure of financial advice and accounts with a view to better utilization of manpower resources and economy merits serious examination. However, to optimally utilise the officers at the level of FA and CCA and reducing overstaffing, the government should consider straightaway the possibility of placing both the Finance and Account Divisions in a Department under one authority, even as two separate streams, one for financial advice and the other for accounts continue below that level. The Eshwaran Committee in 1996 had suggested placement of compilation and consolidation of the accounts of the Ministry under the charge of its FA. In line with this recommendation merger of the two top posts of FA and CCA could be effected in all Ministries/Departments and both finance and accounts organization be placed under one authority who would be FA-cum-CCA. Below the FA-cum-CCA, the accounts organization will be headed by Controller of Accounts at appropriate level and the Finance organization will be headed by a DS/Director(Finance).

5.3 The present structure of FAs and heads of accounts divisions in ministries/department is set out in Annex II. It will be seen that excluding Defence, Railways and Telecommunications, which are likely to require special treatment, there are 25 Financial Advisers. All ministries/departments are allocated among these FAs as 'Main Charge' or 'Additional Charge'. Of these, 9 are of the rank of Additional Secretary and the remaining 16 are of the rank of Joint Secretary. On the Accounts side, there are 29 heads of Accounts Divisions, of which 17 are CCAs at the level of Joint Secretary and 2 are Pr. CCAs at the level of Additional Secretary.

5.4 The proposed arrangement will enable government to appoint FAs-cum-CCAs independently to more Ministries and it may no longer be necessary to require some FAs to look after three or four Ministries/Departments as is now the case. Thus, against 25 posts of FAs and 19 posts of CCA/Principal CCAs (a total of 44 posts at JS/AS level), there may be need for lesser number of officials at this level.

5.5 To ensure that the proposed combining of the post of FAs and CCAs does not adversely affect the promotion prospects of the officers of the Indian Civil Accounts Service who are currently working as CCAs, a suitable proportion of the post of FAs-cum-CCAs (both at JS/AS level) may be filled by eligible and suitable ICAS officers.

5.6 An allied issue would be the need for widening the experience base of the ICAS officers so as to equip them better to function as FAs and CAOs. At present, the experience of these officers is confined to accounting work only. To be able to discharge effectively the tasks of an FA and CAO, they should have had experience of working in other Departments as well. A scheme of inter-service deputation between the various accounts services, including IA & AS, would need to be evolved to facilitate cross fertilization between various services. It may be necessary to stipulate that an ICAS officer to be eligible to become FA & CAO must have had at least 4 years of experience on a deputation post in IAAS or any other accounts service or in a non accounts post in an organisation dealing with implementation of programmes and projects.

6. Accounts

6.1 The Accounts wing of the Department of Expenditure comprises.

1. Organisation of the Controller General of Accounts
2. Central Pension Accounts Office
3. Pay and Accounts Office
4. Cost Accounts Branch
5. Monitoring Cell

(a) Organisation of Controller General of Accounts

6.2 The office of the Controller General of Accounts came into existence with the Presidential notification dated 27-09-1980 incorporating, the function of the office in the Allocation of Business Rules 1961. The process of progressive departmentalization of the accounts and relieving C&AG of the responsibility for compilation of accounts has been under implementation since 1st April 1976.

6.3 As the name implies, CGA's organisation is responsible for compilation of the accounts of the Central Government and for this purpose for laying down general principles of accounting, forms of accounts and drawing up rules and manuals for maintenance of accounts. It reconciles cash balances of Union Govt. with the Reserve Bank of India, prepares annual accounts, showing under respective heads, the annual receipts and disbursements for the purpose of the Union government. The CGA office administers Treasury Rules. It also manages the cadre of Indian Civil Accounts Service (Groups A) and Group B officers of the Central Accounts Offices.

6.4 The CGA functions through the field offices of Principal Chief/Chief Controllers of Accounts located in each ministry/department. There are in all 29 Departmental Accounts Divisions of which 17 are headed by Chief Controllers of Accounts (Joint Secretary level officers) and 2 are headed by Principal Chief Controller of Accounts (Additional Secretary level officers.). Remaining ten are Controllers of Accounts (DS/Dir. Level officers). In respect of 4 departments, the Accounts Division is supervised by CA/CCA of some other ministry as an additional charge. Prima facie it would appear sufficient if the accounts work in all the Ministries/Departments is headed by a CA level officer (DS/Director level). Above this level, as suggested in para 5.2, the work will be supervised by FA-cum-CCA who will be responsible for financial advice work as well.

6.5 The CGA's organisation has a strength of 75 officers and 98 support staff, 19 of the officers belonging to the Indian Civil Accounts Service – 6 of them at the level of JS and above. Keeping in view the suggested combining of the posts of FAs and CCAs and the functional needs of the CGA's office the strength of the Indian Civil Accounts Service, including size of annual intake, and structure of the posts at different levels be examined as part of the Cadre Review of the Service.

(b) Central Pension accounting Office

6.6 This office has started functioning since 1990. It issues special seal authority to public sector banks for disbursal of central civil pensions (other than Railways, P&T and Defence) and ensures internal audit. It administers the Pension Grant (Civil Pensions) and also prepares Budget for Central Civil Pensions. It ensures proper settlement of central transactions relating to pension payments through treasury offices. The office is headed by a Chief Controller of Accounts. The overall utility and effectiveness of this organisation is accepted.

(c) Pay & Accounts Office

6.7 This office is responsible for payment of salary bills, personal claims, contingencies, suppliers' bills, issue of pension payment orders in respect of the officers and staff of the Department. It watches receipt of interest and capital on loans sanctioned by the Department of Expenditure to State Governments. It disburses loans sanctioned by the Department to Union Territories administrations and Rural Electrification Corporation.

6.8 The Division is headed by a Chief Controller of Accounts, as is the case in all large departments. However, in the Department of Expenditure CCA is also entrusted with overseeing the work of the Staff Inspection Unit. In terms of preceding examination of that unit, it has already been suggested that it may be restructured, reinforced and placed under the charge of JS (Per & NPF) – currently designated JS (Per).

(d) Cost Accounts Branch

6.9 The Cost Accounts set up in the Department of Expenditure came into being during World War II in order to verify the cost of production and to determine fair selling prices for goods and services bought by the government. In the post-Independence era of administered prices and growing public sector, the branch continued to determine the cost of production and fair selling prices for purchase of equipment of government departments, for sale of products and services by departmental undertakings, for support price operation as well as determination of administered prices.

6.10 Today the CAB handles the following items of work:

i. Examination of claims between government departments/PSUs arising out of purchase contracts
ii. Determining costs of products bought by government to enable authorities to negotiate purchase prices
iii. Fixing of fair prices
iv. Verification of escalation claims

v. Cost accounting systems of departmental undertakings, their cost audit

vi. Administration of Indian Cost Accounts Service

6.11 The question that needs consideration is whether CAB and ICAS have lost their *raison d'etre* in the changing economic environment and need to be discontinued or are still relevant because of new aspects of economic administration still requiring costing expertise such as transfer price determination, fixation of user charges etc.

6.12 The bulk of the work of CAB emanated from administered price mechanisms in many sectors. With changes in economic policies and gradual dismantling of administered price mechanism such work would have declined. In some areas the need for Cost Accountants may be felt. However, even in such areas, in the long run, the possibility of accessing professional expertise from practising Cost Accounts on a case-to-case basis would need to be explored. The CAB at present has sanctioned strength of 28 professional posts of which 9 are filled up. It is felt that the strength of the CAB should reflect the changing situation and the existing staff strength deployed in areas where their expertise is needed. They could also be productively utilised in undertaking studies on determination of user charges, recovery of which has been recommended by the Commission in its various reports.

6.13 Given the above scenario, it is felt that the government should make an assessment of the immediate and future requirement of the Indian Cost Accounts Service and structure it accordingly. Pending such a study, fresh recruitment to the service should be stopped.

(e) Monitoring Cell

6.14 There is a Monitoring Cell which is responsible for coordinating action relating to reports of the Public Accounts Committee concerning all ministries/departments of the Central Government and also action on Audit Reports (Civil) of C&AG in respect of all ministries and departments. The Cell functions under the overall supervision of Additional CGA in the Office of Controller General of Accounts.

7. Some Significant Issues in the Management of Non-Plan Expenditure

I. Staff and Establishment Related Issues

A. Level Jumping

7.1 At present there are seven levels in the hierarchy of officers in the Ministry/Departments – Secretary, Special Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary and Under Secretary. In many Ministries/Departments papers go up in a routine fashion through at least five, if not six, of these levels. This leads to unnecessary delay and impedes quick decision making. The Fifth Pay Commission had examined this issue and had observed that there should be a general rule that no file could be allowed to travel through more than three hierarchical levels before a decision is taken. The Expenditure Reforms Commission has also, in the examination of the functioning of different Ministries/Departments, found that number of levels through which proposals have to go up for decision making could well be limited to three. The Commission has in fact suggested in the case of many Ministries/Departments that the concept of 'level jumping' should be adopted whereby an Under Secretary puts up papers directly to a Joint Secretary, a Joint Secretary puts up papers directly to a Secretary and so on. Government could consider issuing instructions that in future no file should be examined by more than three officers in the hierarchy. The typical chain could consist of the Secretary, the Joint Secretary and the Under Secretary. It is eutrali that cadre management pressures could lead to promotion of officers to other levels like Deputy Secretary, Director, Additional Secretary, Special Secretary, etc. It is necessary to ensure that such promotions do not lead to extra level in the processing of papers. For instance, in many Ministries there are posts of Special Secretary. Often the Special Secretary becomes an extra level the chain. Sometimes the Special Secretary is made to function independent of the Secretary thus effectively undermining the overall responsibility of the Secretary for the functioning of the department as a whole. Neither arrangement is a desirable one. While the department could have some flexibility in determining which levels of the chain they will have, it should be stipulated that the chain itself should not consist of more than three levels.

B. Appointments on Compassionate Grounds

7.2 Appointments on compassionate grounds are quite common in government. When an employee, particularly of Group 'C' or 'D', dies in harness, it is not unusual for the spouse or a child of the deceased or a close relative being given employment in a suitable position in keeping with the person's educational and other attainments, to help the family confront the economic loss of the breadwinner. At times, age and other requirements are also relaxed. While the practice may commend itself on humanitarian grounds, it would run counter to government's efforts at downsizing wherever possible, by perpetuating a position that may have otherwise been abolished or remained vacant. Further, the productivity or usefulness of the person so employed may be found wanting, besides entailing an enduring financial liability, with all other concomitant benefits like pension and so on.

7.3 In fact, compassionate appointments have lost all justification. In earlier days, there was no family pension, no gratuity, no group insurance, etc. and employment on compassionate grounds was the only way to look after the family of a deceased employee. Today, there is reasonable financial provision for the family. Firstly, there is family pension, paid at double the rate for seven years and at normal rate thereafter. The rate of family pension has been increased to 30% of the last pay drawn. Further, dearness allowance (DA) relief covering 100% rise in prices as reflected by the consumer price index is allowed on family pensions. Gratuity has been introduced and is now calculated after including the DA element. In case of death of an employee gratuity is paid equal to 33 times the emoluments, whereas on retirement an employee gets gratuity at only 16.5 times of emoluments. Group insurance scheme provides a cover in case of untimely death. There is also a limited insurance cover related to the deposit in the Government Provident Fund.

7.4 Compassionate appointments are being made not only in case of death of an employee but also when an employee is unable to continue in service due to sickness. This provision is being misused in many cases where employees obtain a medical certificate one or two years before superannuation, opt for early retirement, and also ask for a job for one of their dependents. In such cases, it may be better to give full pay to a person until his date of his superannuation but not agree to give employment to a dependent.

7.5 There is also a prescribed quota for compassionate appointments, which needs to be abolished. In case of extreme hardship, the question of enhancing the financial benefits to be provided could be considered.

C. LTC, Leave Encashment, Etc.

7.6 The provisions relating to leave travel concession (LTC) have been progressively eutralizat over time. Currently, an employee is allowed LTC for himself or herself and family once to anywhere in India and once to one's hometown in a block period of 4 years. With the substantial increase in salaries following the Fifth Pay Commission, the question arises whether the same generosity should continue in regard to LTC. The Commission is of the view that it would be sufficient if the leave travel facility is restricted just to one's hometown. It is, therefore, recommended that the facility of leave travel to anywhere in India be withdrawn.

7.7 Precise estimates of the expenditure on leave travel concession (LTC) are not available, as it is understood that there is no separate head of expenditure for this and it is subsumed under the head of travel expenses. However, the Brochure on the Pay and Allowances of Central Government Civilian Employees 1998-99 (latest year for which available) brought out by the Pay Research Unit of the Department of Expenditure in the Ministry of Finance shows the expenditure on LTC in 1998-99 as Rs. 195 crore. Assuming that a little over half of this is on travel to anywhere in India, and allowing for the increase in expenditure over the past 2 years, the proposed change should yield a saving of around Rs. 100 crore.

7.8 Encashment of neutralisation and outstanding leave as part of terminal retirement benefits was introduced for the first time in 1981. Initially, it was up to a maximum of six months but after the Fifth Pay Commission it currently stands enhanced up to a maximum of ten months of pay.

7.9 No precise estimates are available of the expenditure incurred on leave encashment. However, on a rough and ready basis the amount may be in the region of Rs.300 crore[1] or so. But more than the amount the question that arises here too, is whether with the vast liberalisation of pay scales and emoluments following the Fifth Pay Commission such additional benefits should also be given.

D. Dearness Allowance

7.10 The burgeoning wage bill of the government of which dearness allowance (DA) is quite significant raises many questions. First, does the index to which DA is linked realistically reflect the rise in the costs of living for government servants? Or does it need review? Second, should full neutralisation be provided for all categories of employees for rises in the cost of living or should there be a graded scale of neutralisation as in the past, with lower compensation for higher paid employees? And third, can government really afford to revise DA periodically (with full neutralisation across the board for all employees) in a grim fiscal situation of persisting large revenue deficits?

7.11 In addressing these questions, the background in which the present dearness allowance regime has come into force cannot be ignored. Prior to the Fifth Pay Commission, full neutralisation of the cost of living by way of dearness allowance was not there for all levels of government servants. The historical background relating to dearness allowance is given in Section 105 of the Fifth Central Pay Commission Report Volume III. It is not proposed to recapitulate all that here, except to extract two paragraphs with a view to placing the matter of the

[1] The total annual salary bill on the civilian establishment of the GOI is around Rs.30, 000 crore. Roughly 74% of this is on account of salary and DA (Pay Research Unit). Assuming that roughly 3% of the employees retire every year and that they have on an average about 5 months leave to their credit at the time of retirement the leave encashment works out to Rs. 30, 000 x (0.74) x (0.03) x (5 ¸ 12) = Rs.277.5 crore say Rs.300 crore.

present regime governing dearness allowance in perspective. The two paragraphs are:

Paragraph 105.3

"105.3 The existing formula for grant of DA to Central Government employees is based on the recommendations of the Fourth CPC. At present DA is admissible twice a year as on 1st January and 1st July and is payable with the salary for March and September respectively in the same year. Each instalment of DA is calculated with reference to the percentage increase in the 12 monthly average of AICPI (base 1960) over the average index of 608, which is the base for the existing scales of pay as recommended by the Fourth CPC. This percentage increase is taken in whole numbers only.

Thus, the formula for calculating DA is:-

$$\frac{\text{12 Monthly Average} - \text{608 of AICPI}}{608} \times 100 = \text{The percentage increase in prices}$$

The extent of neutralisation admissible to employees against the percentage increase in prices for different pay ranges is as follows:-

Pay Range (Basic Pay)	Extent of Neutralisation	
(i) Pay upto Rs.3500/- p.m.	100%	
(ii) Pay above Rs.3500/- p.m. and upto Rs.6000/- p.m.	75%	Subject to a minimum of the maximum available at (I) above
(iii) Pay above Rs.6000/- p.m.	65%	Subject to a minimum of the maximum available in (ii) above.

<u>Paragraph 105.8</u>

"105.8 It has been strongly urged that a uniform neutralisation of DA @ 100% should be given to employees at all levels. We see merit in this demand. The erosion in the real value of salary at highest level, has been the most severe, beginning from 1949 followed by other Group A officers down the line (see Annex 105.2). In contrast, a comparison of the index of real earnings for the peon between 1949 and 1996 shows that the peon was more than fully neutralized for inflation and was in real terms paid 53% more than his salary in 1949. **The Secretary on the other hand was not even paid full neutralisation for inflation and consequently his real salary has eroded to the extent of 72% as compared to the position in 1949.** The erosion was a consequence of a deliberate policy followed for a long time, under the mistaken impression that impoverishment of the higher bureaucracy was an essential ingredient of a socialistic pattern of society. A distortion is also observed in the internal relativities because of this formula. While the Fourth CPC had made recommendations which had resulted in a pre-tax maximum minimum disparity ration of 10.7 in 1986, this ration had slipped to a level of 8.58 in 1995 and to 8.43 in 1996. This was primarily on account of the Dearness Allowance formula which prescribes differential rates of neutralisation. It does not require intelligence to perceive that minimum-maximum ratios fixed by a Pay Commission should have some sanctity and stability. Once an ideal ratio is arrived at, it cannot be allowed to become a plaything in the hands of an erratic CPI. With the lifting of the ceilings in the private sector and salaries in the public sector getting linked to productivity, the external relativities have got totally unbalanced. The government is unable to pay comparable salaries at the higher levels to its officers inspite of the enormity of their tasks and higher levels of responsibilities. **Inflation neutralization on a graduated scale in**

> **the present circumstances will be anachronistic and unduly unjust to the senior officers.** At this juncture, the Government's conscious intervention in removal of the unjust practice of differential neutralisation of DA is a must. **Accordingly we, recommend that inflation neutralisation be made uniform @ 100% at all levels."**

7.12 Given the Fifth Pay Commission's strong endorsement of full neutralisation of the rises in the cost of living across all categories of government servants and their observation that graded neutralisation would be "anachronistic", it would be retrograde to suggest a harking back to the earlier system of graded and partial neutralisation. This leaves the other question of the appropriateness of the cost of living index to which payments of dearness allowance are linked.

7.13 A question that arises is whether the index and the basket of commodities to which DA is linked should be reviewed. Many government servants enjoy neutralisation housing, telephone and other facilities. Should they also be fully compensated for rises in the cost of living which reflects the costs of these services too? But then not all government servants, particularly those at the lower levels, benefit from such subsidized facilities, which again raises the question whether there should then be differential rates of neutralisation.

7.14 It is learnt that formerly armed services personnel used to draw only half the dearness allowance paid to those in civilian services, possibly on the rationale that they receive free rations and other subsidized facilities. But now they too receive DA on par with civilian employees, without any diminution in those facilities.

7.15 The ERC has not had time to delve into all these questions to come up with any meaningful suggestions. The Expenditure Reforms Commission understands that a specially constituted committee examined issues concerning dearness allowance at some depth in 1991-92. Since then the Fifth Pay Commission has intervened. However, in the present context of a difficult fiscal situation, the Commission would recommend that the whole issue of dearness allowance together with the associated cost of living index be gone into again, and pending the outcome of that review, freeze all increases in dearness allowance as long as there is a revenue deficit in the central budget. If for any reason that is not feasible then at least the revisions in DA be made annual and not bi-annual as at present.

7.16 The urgency for such review would be evident from the substantial outgo on the installments of DA payments as brought out by the following table, which does not, however, take note of the consequent DA burden of States.

Financial Implications of the DA Increase including relief to pensioners

No.	Date	Average Index (Base 1982=100)	Rates of DA	Annual Financial Implications (Rs. in crore)
1.	1.7.1996	319.75	4%	1139
2.	1.1.1997	333.83	8%	1139
3.	1.7.1997	348.58	13%	1438
4.	1.1.1998	357.75	16%	863
5.	1.7.1998	374.83	22%	1743
6.	1.1.1999	405.08	32%	2934
7.	1.7.1999	420.58	37%	1467
8.	1.1.2000	424.00	38%	296
9.	1.7.2000	433.33	41%	889
10.	1.1.2001	441	43%	587
11.	1.7.2001	447.17	45%	790

(Note: The index as on 1.1.1996 was 306.33)

E. Overtime

7.17 The Fifth Pay Commission had recommended the abolition of overtime. Unfortunately, the government implemented the recommendations of the Pay Commission selectively, and the recommendation about overtime was one of those that were not implemented.

7.18 The overtime bill of the Central government has been rising.

Table 1

[Extract from the Expenditure on Pay & Allowances of Central Government Civilian Employees ? Brochure on Pay & Allowances of the Pay Research Unit]

	1996-97	1997-98	1998-99
Overtime Allowance	500.21	619.41	944.70
Total of Pay & Interim Relief	17929.70	23979.52	26100.32
% of Overtime to Pay etc.	2.79	2.58	3.62

Though there is a dip in the percentage of Overtime to Pay in 1997-98, the rise in the subsequent year is quite steep to warrant a re-look at the question of overtime.

F. Bonus

7.19 Payment of bonus was originally introduced for parastatal commercial organisations like the railways, defence production, P&T, etc. However, it was later extended by way of ex-gratia payment to regular non-commercial government employees too, but with pay below a certain level. Bonus/ex-gratia payments are linked to productivity in some organisations. The Bonus Act stipulates only a minimum of 30 days' bonus but many organisations grant bonus in excess of the stipulated minimum though it may not be justified in terms of their productivity and output. Unfortunately, payment of bonus/ex-gratia has become an annual bargaining point rather than something which is self-determined based on the productivity and profitability of an organisation. Railways have paid bonus in excess of 50 days in the last five years while the Posts have paid bonus ranging from 40-50 days, Telecom from 58-71 days, Defence Production form 32-40 days and so on.

7.20 With substantial improvements in basic pay, dearness allowance formula ensuring 100% compensation for inflation, upgradation of posts on a large scale, there is little justification for continuing the current system of payment of bonus regardless of the profitability or productivity of an organisation and that too when government is having large fiscal deficit. If it is not possible to do away with it altogether in view of court pronouncements, the payment of bonus/exgratia should at least be limited so long as there is a deficit on the Revenue Account to the minimum amount payable and that too only in those organisations, in which the nature of work is such that it can be argued that the statutory provisions should apply.

7.21 Given the grim fiscal situation with persistent annual revenue deficits, there is urgency for reviewing the whole system of payment of bonus or exgratia, taking note, however, of court pronouncements in the matter.

G. Pension and Provident Fund Reform

7.22 In his Budget speech for 2001-02, the Finance Minister announced that he proposed to constitute a high level expert group to review the existing pension system, which is a very welcome development. A high powered expert committee on pension has since been set up under the chairmanship of the Shri B.K. Bhattacharya, former Chief Secretary of Government of Karnataka, and some other eminent experts in the field.

7.23 Meanwhile, the Ministry of Finance by its Office Memorandum F.No. 3(68) Ec.Dn./99 of October 21, 1999 had earlier constituted a Working Group on pension liabilities. The Working Group was to make a scientific and comprehensive assessment of government liabilities arising from pension payment to present and future retirees. The Working Group has since submitted its report in June 2001.

7.24 In view of the above, the Expenditure Reforms Commission has not addressed the issue of pensions (and provident funds) in any depth. However, some of the figures mentioned in the report of the Working Group are worth recalling.

7.25 The Working Group has noted that the pension expenditure of the Government of India, including Telecom and Railways[2], has gone up by approximately six times over a ten year period, i.e. from Rs.3272 crore in 1990-91 to Rs.19,446 crore in 1999-2000. For 2000-01 the pension liability was estimated to be Rs.21,117 crore, and based on some assumptions it estimates that the pension liability would rise to Rs.29,891 crore by 2009-10, assuming an annual inflation rate of six per cent. Should the inflation rate be ten per cent per annum the liability would be in the region of Rs.33,558 crore. Viewed as a percentage of GDP, the pension liability (including Railways and Telecom) has increased from 0.61% in1993-94 to 0.96% in 2000-01.

[2] **The pension liability of railways and telecom is not met from the Consolidated Fund of India.**

7.26 The Working Group has noted that the proportion of pension liability as between the different departments of government is as under:

Table 2

	Department	**Percentage Contribution**
1.	Defence	50
2.	Railways	24
3.	Civilian Establishment	19
4.	Post	4
5.	Telecom	3
	Total	100

The total number of Central Government employees at the end of March, 1998 is said to be 5.2 million, while the number of pensioners was 3.4 million, giving a dependency ratio of 67%.

7.27 The above figures highlight the staggering increase in the pension liability of the government, whose steep rise has been further accentuated by the recommendations of the Fifth Pay Commission. With the efforts at downsizing the government, the dependency ratio (percentage of pensioners to working employees) is likely to become even more adverse. What has compounded the problem for the fiscal situation is that pensions are currently not funded but on a pay–as-you-go system. The foregoing discussion underscores the need for (i) a switchover to a funded system, and (ii) taking steps to reduce the pension liability of new entrants to the government.

7.28 Three questions arise in the context of reducing the pension liability of government:

i. The rate of commutation;
ii. Restoration of full pension 15 years after commutation;
iii. Dearness Allowance on pension.

i. *The rate of commutation and restoration of pension*

7.29 The commutation factor or multiple applied for the commutation table takes into account the prevailing interest rate and the expected longevity. Thus, the commutation multiple is a function of two factors: the discount rate (which is supposed to reflect the interest rate) and the period for over which the discount rate is applied (which is dependent on longevity). When the commutation table currently in force was determined both interests rates and longevity were low. The extant commutation table is based on an interest rate of 4.75% whereas the current interest rates are 9% and above. If the discount rate is therefore modified to reflect current interest rates, then the commutation factor would come down appreciably. However, if the period for which the discounted value of pension is calculated is also simultaneously adjusted for greater longevity then some calculations reportedly show that the commutation factor would in fact increase, because the longevity factor would more than counter-balance the interest rate element. But this raises another question.

7.30 What is the justification of discounting the value of pension to the full period of life expectancy when full pension is restored 15 years after commutation? If full pension is restored 15 years after commutation then logically discounting should also be done over a period of only 15 years after retirement and not stretched to the full term of life expectancy.

7.31 The Commission understands that some calculations were made in the concerned ministries to revise the commutation factor or multiple to reflect (a) current interest rates, (b) increased longevity, and (c) restoration of full pension 15 years after retirement. Apparently, these calculations came up with a fixed commutation factor or multiple for all those retiring at or before the age of 69 years, regardless of the actual age of their retirement.

7.32 If this were to be adopted it would reportedly have serious implications for defence personnel which accounts for the largest number of pensioners. A large number of defence personnel retire well before the age of 60; and jawans retire much earlier in their 40s. They would stand to lose very heavy amounts if the revised commutation factor that does not vary with the age of retirement were to be applied. It is feared therefore that this would be totally unacceptable to them. Another point is that any revision in the commutation factor would need the concurrence of the Joint Consultative Machinery (JCM).

7.33 The foregoing discussion shows that two options are possible: either full pension is restored 15 years after commutation or it is not.

7.34 It appears that the facility of restoration of full pension 15 years after commutation was introduced following a court decision. Besides, any decision now to do away with this facility might also need the concurrence of the Joint Consultative Machinery (JCM), which may not be favourably disposed to it considering that it is in fact pressing for restoration of full pension after a period of 12 years instead of 15 years as at present.

7.35 If full pension were to be restored 15 years after commutation, then it only stands to reason that the period for which the commutation value should be calculated should also be 15 years, and not the expected longevity based on mortality tables. Otherwise, there would be a double benefit. The Commission therefore recommends that: (i) if full pension is restored 15 years after commutation (or some other specified period) then the period for calculating the commutation value (or purchase value) should be restricted only to 15 years (or some other specified period); and (ii) the rate of discount adopted for calculating the commutation value should reflect the current rate of government borrowing and not the anachronistic rate of 4.75% fixed several decades ago when the rate of government borrowing was low.

7.36 The second alternative would be to withdraw the facility of restoration of full pension 15 years after commutation. After all, this facility was not one of the terms of service at the time of entry; it was introduced only following a court decision. Secondly, commutation is not mandatory; it is only an option. If any retiring person finds that commutation without the facility of automatic restoration of full pension after 15 years is not attractive enough, then he or she need not exercise the option.

7.37 On balance, the Expenditure Reforms Commission favours the first option outlined above, as it might be difficult to withdraw the facility of restoration of full pension after 15 years (or some other specified period). This should be made applicable for all new entrants into government service and to all those retiring after a specified date.

ii. *Dearness Allowance on pension*

7.38 Currently, dearness allowance is paid on the full value of pension including the commuted portion. A question can be raised whether there is justification for paying dearness allowance even on the commuted portion of pension. But the justification for this is probably that the commutation amount (or purchase value of pension) is computed only on the basic pension that is being commuted and not on the dearness allowance payable on it. If the dearness allowance payable on the commuted portion of pension on the date of commutation is also factored into the commutation value or purchase value of pension then there would be justification for not paying dearness allowance subsequently, perhaps even the future dearness allowance that becomes payable after the exercise of the commutation option.

7.39 The Commission does not make any recommendation regarding this issue except to say that the government may examine this aspect in some detail.

7.40 Elsewhere in this report, a question has been raised whether dearness allowance should be paid on the basis of full neutralisation of the rise in the cost of living and whether there should be a ‘freeze’ on further instalments of dearness allowance as long as the Centre has a revenue deficit. The Commission recommends that whatever decision is taken in regard to payment of dearness allowance to serving employees should apply *mutatis mutandis* to pensioners too.

H. Informal Arrangements

7.41 There should be a prohibition on drafting of officials from the PSUs to work 'informally' in the offices of ministers/ministries; that is to say, an arrangement by which they continue to draw their emoluments from their parent organisations but work in a ministry or are attached to the offices of ministers. If any minister/ministry needs staff in excess of the sanctioned strength, then it would have to be justified before the Cabinet.

7.42 The present practice of PSUs footing the bill of ministries/departments on travel, meetings, stay in hotels, entertainment and food, etc. should also be stopped. To cite just a couple of examples, the canteen subsidy on Parliament is borne by the Railway Ministry; visits of Parliamentary Committees are "hosted" by public sector undertakings etc. All such expenditure should, in the interest of transparency, be reflected in the budget/expenditure of concerned ministry/department.

I. Office Accommodation

7.43 The office accommodation provided for many ministers and secretaries is far in excess of the ceilings prescribed. These ceilings should be strictly enforced. The practice of providing attached toilets, separate sitting areas and "captive" conference rooms for individual officers should be stopped. More than anything else this practice leads to common conference halls, and common bathrooms not being well maintained.

7.44 The furnishings and fittings in the rooms of many ministers and secretaries are on a very lavish scale. The emphasis should be on functional requirements and ostentation should be avoided. It will be useful to prescribe fresh ceilings for such expenditure, which are reasonable and strictly enforced. The present ceilings for such items of expenditure are too low and are flouted in every case. The practice of asking the public sector undertakings to 'do up' the ministry's premises and rooms of ministers and secretaries should also be stopped.

7.45 Once the downsizing – both the office accommodation requirements of ministers and secretaries and of the total staff strength is given effect to, then an attempt must be made to bring together the offices of each ministry within a more compact area within the same building. Today in many ministries the offices are spread over a large number of buildings.

J. Staff cars

7.46 The present system of government owning cars and employing regular drivers who are full time government servants leads to excessive expenditure, by way of maintenance and repair charges, salary perquisites and pension of the drivers etc. compared to the cost of hiring vehicles. Purchase of new cars may therefore be banned; as and when old cars are condemned, the requirements as far as officials are concerned, be met by taking cars on hire. In fact, informal studies show that if all the costs of operating and maintaining staff cars, including the overtime and other allowances of drivers etc., are factored in, it would be more economical to hire vehicles.

7.47 Also calling for review is the system of providing staff cars. Except for ministers and high officials, all other should be encouraged to use their private vehicles, and paid a decent allowance, which may cover their legitimate expenses. They may also be given advance for purchase of vehicles. The present system is utterly wasteful.

7.48 Government could also consider disposing of existing staff cars, which are determined to be surplus after the above recommendations are implemented. Preference could be given in such disposal to staff car drivers who seek voluntary retirement and who wish to run the staff cars as taxis, but not if they choose to sell them. In such cases, the vehicles could be sold to them at the written down value, and they could also be given preference in the hiring of cars by government.

K. Surplus Staff

7.49 The number of employees that will be found surplus will be so large that even after the already measures recommended are taken for placing such staff in the surplus pool and for re-training/re-absorbing/discharging them, it will still be necessary to take some drastic steps for reducing the staff strength across the board. The first is to freeze direct recruitment in all cadres for five years. The surplus is so large – estimated at 30% by the Fifth Pay Commission, an estimate that is more than confirmed by the reviews completed by the Expenditure Reforms Commission so far – that even after five years of reductions in staff due to retirement there will still be a large surplus. There will be need for full scale exemptions in some specialised categories like nurses, engine drivers, certain categories in Defence Services and Police, etc.; and partial exemptions in some of the Class I cadres where it may be necessary to maintain recruitment at $1/3^{rd}$ of ½ of the present level, lest there be a vacuum in manning the top posts 25 to 30 years down the line. These exemptions, both total and partial, can be left to be decided by the Committee of Secretaries and put up to the Cabinet for approval within six months of introducing the five-year ban on recruitment.

7.50 The second is to reduce the age of retirement to 58. Another would be to stipulate that everyone will retire at the age of 60 or after 33 years of service, whichever is earlier.

7.51 As in the Army a system of shape up or ship out can be introduced at the level of promotion to the Additional Secretaries, with those who do not make the grade, having to proceed on retirement. If necessary, a three months training could be made mandatory in the last year before consideration for promotion, with a stipulation that the performance in the training would be one of the factors to be taken into account for determining eligibility for promotion

7.52 While the recommendation earlier was to officer a golden handshake to those who are found surplus, such golden handshake would be justified for all categories –officials in the generalist categories – from Secretaries down to peons to drivers. The option to be exercised by the various groups of officials will be subject to government reserving the right to accept or reject such option exercised by officers of the rank of Joint Secretaries and above.

L. Miscellaneous

7.53 Under the scheme traditionally operating in the central government, Joint Secretaries function as Heads of Division in different ministries and departments. Over the years, there has been an increase in the number of posts of Additional Secretary in the central government. It is observed that Additional Secretaries are largely being used as another tier in the submission of files from Joint Secretaries to the Secretary and Minister. This addition to the number of levels does not necessarily add to quality and speed in decision-making. It would be advantageous, in these circumstances, for an Additional Secretary to be placed in charge of one or more divisions instead of being another tier in the channel for submission of files. Such an arrangement is being usefully employed in several ministries, e.g., the Ministry of Mines and DOPT. The adoption of this course can be expected to lead to reduction in the number of posts at the level of joint/additional secretary.

7.54 The cost of travel, both foreign and domestic, has gone up enormously. It would be no exaggeration to say that a trip from Delhi to one of the southern-most destinations of the country could be costlier than a visit to one of the neighbouring countries. Nevertheless, it is the general perception that not much thought is given to the cost aspect while deciding to undertake a tour. Also, far less is saved in annual terms by the downgrading of posts at the level, say, of Additional Secretary or Secretary, than by not undertaking even one air journey to a far away destination within the country. All this points to an emergent need to lay down strict guidelines and stringent considerations for the undertaking of tours by officers in the central government. Recent press reports indicate that leading companies in the private sector, too, have become alive to the need for cost-cutting on travel and have taken several steps for cutting down on unnecessary travel. The intention here is not to clamp down altogether on travel in the Central Government but for greater appreciation of the need for cost-effectiveness and for undertaking a journey only if absolutely unavoidable, and using other methods like video-conferencing etc., wherever feasible. In this context, two other related issues may be relevant.

7.55 First, since air travel is now very common, airlines should be persuaded to give 10-15% discount on tickets for official journeys and all officers may be required to purchase tickets directly from the airlines and not from agents. Domestic airlines, in particular, can be asked to set up special desks for persons travelling on government account as also from al government funded organisations. Secondly, hotels for stay should be approved on the basis of not just suitability of accommodation but also on the discount that they offer. All major companies and even international organisations usually get up to 40% discount and there is no reason why the government should not take advantage of this while using hotels for the large number of official delegations who come every year and are provided hospitality. In the same manner MEA may negotiate special rates with hotels in various cities around the world for visiting Indian delegations.

7.56 The number of designations in use in the government, particularly among staff of the Group C and Group D categories, is extremely large. Historically, these designations have been used to describe or specify the nature of duties to be performed by the employees concerned. An unintended consequence, unfortunately, has been that an employee with a particular designation feels that his responsibility is limited only to that function or job and he cannot be called upon to do something else. (There are, happily, very honourable exceptions to this attitude but they are few and far between.) Thus, an electrician, a driver, a farash can rarely be utilised to perform other tasks, even if he has the time and a strong need exists. In several countries, it is quite usual for, say, a driver to perform other tasks in the office when he is not away driving a vehicle. From the viewpoint of rationalisation and better utilisation of the available human resources, there is, therefore, a strong need to use omnibus and broad designations for a large category of employees. While it may not be possible to achieve this multiplicity of tasks in regard to existing employees, a beginning needs to be made in respect of future appointees at least in some departments and organisations, if not across the government.

7.57 Payment for electricity and water should be made directly by each office instead of being paid by the CPWD, etc. This will create awareness about the quantum of bills and may lead to measures for conserving electricity and water, and reducing expenditure.

7.58 The strength of various cadres should be reviewed. Large reserves have been built into the cadre strengths for leave, training, deputation, etc. Recruitment is planned based on the cadre strength at the lower levels and this creates problems of stagnation etc., which in turn requires creation of senior posts. As a result large number of senior posts have been created in various cadres, which cannot be justified on the basis of work content.

7.59 Freeze on vacant posts and ban on new recruitment has certainly reduced employment in government, but it has also created a distortion in the work force. As vacancies occur in higher posts (groups B and C) these are routinely filled by promotion but the posts at lower levels keep on getting reduced. This reduction is affecting the posts at the working level and the supervisory posts get filled up. A solution can be that a maximum of 25 per cent of the vacancies may be allowed to be filled up at the discretion of the Secretary of the Department.

I. *Perquisites*

7.60 Various hidden or implicit subsidies to government servants should not be lost sight of. While some of these may be in the nature of perquisites, they nonetheless are implicit subsidies. To cite just a few examples, railway passes given to serving and retired railway officials and their families, free rations and subsidised sales of goods to armed services personnel through their canteens, by way of reduced duties and taxes or exemption there from, and so on.

7.61 Railway officials and personnel have also benefited from the hikes in salaries and allowances following the Fifth Pay Commission. Besides, free passes for travel are a hangover from the past when the network of railways comprised various private companies. Today, when they are government servants, there is no justification for continuing such exclusive benefits, particularly if for periodic salary revisions they are treated on par with other government servants without the value of such perquisites being discounted. Such subsidies to government servants look even more dubious and unjustifiable when the government is cutting back on many subsidies to the poor and the general public. It is, therefore, recommended that they be discontinued forthwith.

7.62 The recent perquisites declared for telecom employees too would fall in the same category and would also need to be dealt with similarly.

7.63 As for the armed services, the justification for providing free rations to officers and personnel not on active duty on the front or on the borders appears thin. The benefit of subsidised purchases from 'armed services canteen stores' is not confined to serving officers and personnel but extended even to retired army personnel, including those of short service commissions. Some of the latter have found placement in the All India Services, Central Services and the like, as a special dispensation, but still continue to enjoy the benefits of subsidised purchases from 'armed services canteens'. The Commission would, therefore, recommend such subsidised sales be discontinued immediately, except for the families of those on active duty on the front or borders

7.64 The practice of providing support staff at the residences of officers of the armed services and police also calls for critical review. There is no reason why government should maintain and pay for large numbers of people who are engaged in activities that are not even ancillary to their primary functions.

II. *Subsidies and User Charges*

A. Subsidies

7.65 The Ministry of Finance issued a white paper or discussion paper on Government Subsidies in India in May 1997, following a commitment made by the then Finance Minister in his 1996-97 budget speech. The objective was to provide a basis for informed debate on the subject. The discussion paper was based on a study undertaken by the National Institute of Public Finance and Policy (NIPFP). The study was refined a couple of months later to substitute the accounts figures for 1994-95 for the figures of revised estimates earlier used for 1994-95. According to the authors, the revision did not lead to any noticeable change in the overall magnitudes or subsidy figures as percentage of GDP.

7.66 It is not proposed to go into the methodology of estimating subsidies here nor to recapitulate the methodology underlying the NIPFP study or the discussion paper of the Ministry of Finance, since those interested in this can always refer to these published documents. However, one important observation needs to be made. Neither of these documents took note of tax expenditures nor even attempted to estimate these. This report does not do so either. In fact, given the present budgetary practices, one is not sure whether even a broad estimate of it can be made. But the intention behind mentioning this is two-fold: first, to draw attention to the fact that the estimation of subsidies would be understated to that extent; and secondly, to emphasise the need for greater transparency, which would *ipso facto* imply that rather than resort to tax expenditures the budget should explicitly provide for such subsidies.

7.67 The NIPFP study and the discussion paper are dated since several years have intervened since then. There is little point, therefore, in recounting those figures here, except to recall that the combined subsidies of the Centre and the States in 1994-95 amounted to 14.35 per cent of GDP (Centre: 4.52% of GDP and States: 9.83% of GDP), with non-merit subsidies accounting for 10.93 per cent of GDP (Centre: 3.94% of GDP, and States: 6.99 % of GDP).

7.68 The explicit subsidies in the budget for 2001-02 are estimated to be Rs.39, 379[3] crore (Plan Rs.7381 crore and Non-plan Rs.31, 999 crore). This figure includes the amount of Rs.29,801 crore shown as non-plan subsidies in Statement IV of Expenditure Budget Volume I 2001-2002. However, this estimate of subsidies may be grossly understated as it refers only to the explicit subsidies in the budget. If the methodology adopted in the NIPFP study were to be employed, the level of subsidies would substantially higher, considering that the level of Central government subsidies estimated in the NIPFP study was Rs.38, 446 crore for 1994-95, of which 87% were considered non-merit subsidies and 13% merit subsidies.

7.69 It is not proposed to attempt any precise estimate of subsidies by the central government as the proportion of non-merit to merit subsidies is not likely to have changed significantly since the NIPFP study. If impressions are any guide, the proportion of non-merit to merit subsidies may have in fact increased. What the Commission would like to emphasize, however, is that all government departments and ministries should continually review the need for subsidies and reorient their programmes and schemes so that the proportion of merit subsidies is increased.

7.70 Another feature of subsidies that calls for attention relates to proper targeting of subsidies. Poor targeting may result in the subsidies not reaching the intended beneficiaries or dilution of the intended benefits. Proper targeting implies that it is better that subsidies are beneficiary-oriented rather than being directed at a commodity or sector. Transparency in the provision of subsidies may also ensure better targeting, which raises another important issue.

7.71 Subsidies need to be transparent for two reasons. First, transparency will ensure that subsidies are by and large explicit and not hidden or by way of tax expenditures, which obscure not only the extent of subsidy but also sometimes the identity of the beneficiaries. Secondly, transparency will facilitate greater and more informed public debate, both inside and outside the legislative bodies, and bring to bear focussed attention on the continuing validity or otherwise of subsidies. Mention has been made above of the discussion paper brought out by the Finance Ministry in 1997 on subsidies. This should be an annual feature and form part of the budget documents or presented to parliament shortly after the presentation of the budget. It is worth recalling here that Maharashtra brings out annually a publication on subsidies showing the extent of subsidies (both explicit and hidden or implicit), which is presented to the legislature during the budget session.

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[3] The difference is due to rounding off.

B. User Charges

7.72 In a sense, user charges are linked to subsidies: the higher the recovery of user charges, the lower is the level of subsidies. Even if user charges do not fully recover the cost of providing the services, the levy of user charges should be related to the cost of providing the service. By linking of user charges to the cost of delivery of service, there would be an in-built mechanism by which user charges are periodically revised. Another mechanism for periodic revision of user charges would be to index them to inflation or some other such measure.

7.73 A related but no less important issue is the need to restrict government expenditure in providing services. With the rise in salary expenditures of government the (non-salary) content of the services tends to get squeezed. Protecting the non-salary content of programmes and schemes without raising the cost to the exchequer would call for an inter-related two-pronged approach of reducing the overhead cost of providing services and improving the delivery of services, which implies reducing government inefficiency in the provision of services.

7.74 The Commission has not been able to estimate the extent of under recovery of user charges computed as the difference between the cost of providing a service and the levy of service charges or fees. However, an illustrative attempt has been made to identify the sectors and areas where efforts could be made to bring user charges more in line with the cost of providing such services. These are listed in Annex III. As mentioned in paragraph 7.72 above, user charges and subsidies are interlinked: to the extent that there is under-recovery of user charges, there is a corresponding subsidy, either explicit or hidden.

TOWARDS A BETTER EXPENDITURE MANAGEMENT SYSTEM – A PAPER BY CHAIRMAN EXPENDITURE REFORMS COMMISSION

Notwithstanding the sporadic efforts over the last ten years to contain it, the fiscal deficit continues to be quite high, at around 10% for the system as a whole. Even at the Centre where these has been a drop, from 6.01% in 1989-90 to 5.1% of the GDP in Budget Estimates this year, the fall is not so large as could not be wiped when the Revised Estimates are announced!

More important the fiscal consolidation efforts during this period has resulted in 'good' expenditure being crowed out by not so very essential expenditure. Thus the resources allocated for plan purposes have come down from 5.54% in 1989-90 to only 4.07% of GDP in Budget Estimates 2000-2001. What is more the proportion of plan allocation to total expenditure has dropped from 31% to 26% during this period.

Equally important during this period the allocation for Capital Expenditure has come down from 4.62% to 2.65% of GDP. Though revenue expenditure has remained static at around 13%, the fall in the tax to GDP ratio has resulted in the revenue deficit going up to 3.58% of the GDP in BE 2000-2001.

During this period the reputation and relevance of the Expenditure Budget has also suffered, with the proportion of additional cash outgo (not including the "technical sanctions") sanctioned every year through Supplementary Estimates, in relation to the allocations in the Budget, going up to nearly 8% in 1999-2000.

During this decade there have also been a flood of audit reports by the CAG alleging misapplication of funds, in many cases of a very large order.

Thus clearly all is not well with the present expenditure management arrangements and there is need for considerable improvement, if the scarce resources are to be well spent. In the succeeding paragraphs some suggestions in this regard are outlined.

(i) It is seen from press reports that Government proposes to bring in legislation for reducing revenue and fiscal deficits in a phased manner. Reduction of revenue and fiscal deficits through a statutory mechanism, not backed by a well thought out plan for a sharp increase in tax to GDP ratio on the one hand and for restructuring of various expenditures on the other, could well lead to a further reduction in the allocation for plan and other essential requirements as has happened in the last decade. If within the pre-determined ceilings for revenue and total expenditures, it has to be ensured that 'bad' expenditure does not crowd out "good" expenditure then one option would be to escalate the expenditure allocation decision to a "higher" and "larger" forum like the cabinet or a Cabinet Committee. This way the demands for larger allocations for 'good' expenditure would get voiced in a larger forum, and this could hopefully increase pressure for containing bad expenditure. Today the expenditure allocations are settled bilaterally by Finance Ministry with the various Ministries and Planning Commission, with Prime Minister's intervening to sort out only major differences if any.

(ii) While the responsibility for adhering to the statutory ceiling for deficits will devolve collectively on the Cabinet, the primary responsibility will be that of the Finance Ministry. These efforts could be easily thwarted by individual ministries running up large additional expenditures. It will therefore be necessary to stipulate that for every Ministry the expenditure allocations as provided in the Budget and approved by the Parliament will act as the ceiling for expenditure for that year. The present practice of coming up with three or four supplementary estimates during the year has to be done away with, though these could be provision for bringing in supplementary demands for meeting expenditures of an unforeseen or unavoidable nature. It has to be stipulated that only schemes sanctioned by Government, that too with adequate funding, will be included in the budget and also that the system of making token or inadequate provision would done away with. The annual budget should be the only occasion for launching new expenditure initiatives or new projects and the present practice of launching new initiatives right through the year should be given up. If during the year launching of a new initiative by any Ministry becomes imperative, then that should be on the basis of matching savings within the total expenditure also that Ministry.

(iii) The allocations for each Ministry would need to be set out month wise and a system devised whereby the Ministry is required to send every month to a competent authority requisitions for credit in the next month. These requisitions will not specify individual services or individual items of expenditure but only the sum total of monies required for that Ministry in the month. The sanctioning of these lump sum credits by the appropriate authority will depend upon the satisfaction that the expenditure in the earlier month in that Ministry has in fact conformed to the ceiling for that month and that there has been no violation of the guidelines.

(iv) There are two options in regard to the agency that should be vested with the authority for approving requisitions for credit. It could be the Finance Ministry or the CAG. A brief note setting out the practice in UK where the CAG exercises this authority is appended. In India where the 'babudom' often misses the wood for the trees, and red tape is the name of the game adequate safeguards would have to be put in before introducing the new system if that system is not to bring Government functioning to a standstill because of numerous small objections being raised by the credit authorizing authority. Viewed this way prima facie it would appear that vesting this authority in Finance Ministry which has been a part of the expenditure sanctioning process all these years, might be less hazardous than vesting this responsibility with the CAG, who unlike the counterpart in UK, functions as an auditor only.

(v) If every Ministry is to be subjected to the discipline of having to get authorization on a monthly basis for its total expenditure and if only sanctioned projects are to be included in the Budget and that too with adequate funding then it stands to reason that, that Ministry, in turn, should be given full authority for the management of all monies placed at its disposal, subject to certain general guidelines such as:

  (i) no fresh commitments being made for future expenditure (i.e. taking up a large project with a small outgo in the first year etc.);
  (ii) no fresh additional liabilities for the future being created (e.g. appointing additional staff, taking fresh loans for project financing etc.);
  (iii) conformity to the pay scale prescribed for the various levels etc.

All this would require;

(i) moving away from input based performance assessment to output based assessment;

(ii) moving away from short term (annual) overviews to medium term (five year) requirements / output assessment;

(both (i) and (ii) can be on the New Zealand pattern.) and

(iii) The ministries being given full freedom to reappropriate funds from one area of expenditure to another within its overall monthwise ceiling of expenditure subject to certain restrictions. Towards this end all those items of committed expenditure (eg. salary bill) should be clearly set out in the Budget so that while authorizing the credit for any one month the appropriate authority could verify whether in the expenditures incurred in the earlier month, there have been diversions from items of expenditure which are of a committed nature and whether any new (unapproved) additional liabilities has been created for the future. If a Ministry is seen to have misused the delegated authority in any one month then all the delegated powers will be withdrawn till such time as the Ministry sets right the position at a future date. This arrangement will do away with the present practice of the Ministry having to come to the Finance Ministry every now and then for clearances even on minor matters. The dual control of the Financial Adviser could be done away with and the Financial Advisers placed solely at the disposal of the administrative Ministry.

(vi) In every Ministry there are separate parallel hierarchies under the FA and under the Chief Controller of Accounts. The merger of these two units at all the levels would lead to a considerable saving in manpower (over 30% of the combined staff strength) and expenditure (over Rs.30 crores per annum). But two aspects merit indepth examination

(a) whether the merger in any way vitiates basic principles of financial prudence.

(b) how the positions should be manned and from which cadres these officials are to be trained.

The first question arises as all along the attempt has been to keep the functions relating to sanctioning of expenditure, separate from drawal, disbursement, payment and accounting functions. The second arises as while it will be necessary for the officials managing the Integrated Financial Adviser and Chief Controller of Account units to have an indepth knowledge of the sector in which they are working. Under the present arrangements, officials appointed at senior levels, even if drawn from one or other of the accounts service may not have had any experience in the sector earlier. While at the lower levels the manning is by administrative staff without any formal training in Accounts Work.

FUNCTION OF THE UK COMPTROLLER AND AUDITOR GENERAL

1. The office of the Comptroller and Auditor General (C&AG) was created in 1866 and combined the powers and duties of the Commissioners for Auditing the Public Accounts and of the Comptroller General of the Exchequer. The C&AG's full title is "Comptroller General of the Receipt and Issue of Her Majesty's Exchequer and Auditor General of Public Accounts.

2. The Consolidated Fund was set up in 1787. It is the account kept at the Bank of England by the UK Treasury into which receipts from taxation and miscellaneous revenue are paid; and from which charges upon the public revenue – voted by Parliament or payable directly under statute – give rise to payments. The National Loans Funds is the account at the Bank of England through which passes all the Government's borrowing transactions and most domestic lending transactions. The Consolidated Fund and the National Loans Fund are closely linked. The Consolidated Funds is balanced daily with any surplus being paid to the National Loans Funds and any deficit being met from the National Loans Fund. As Comptroller General, the C&AG is charged with the control of Consolidated Fund and National Loans Funds issues and receipts.

3. The C&AG's authority is required before the Bank of England can act on Treasury requisitions for credit in respect of proposed issues from the Consolidated Fund or the National Loans fund. In exercising this power the C&AG must be satisfied that credits are requested for purposes having proper statutory authority and are within amounts authorized by parliament. Every issue which the Treasury proposes to direct the Bank of England to make out of the accounts of these funds (except for transfers between them) is addressed to the C&AG by the Treasury. This requisition shows the purpose for which the credit is required and the related statutory authority. When the C&AG has satisfied himself that the amount concerned is correct and properly issuable he sends the Bank of England a 'credit' for that amount, which it may then issue as directed by the Treasury.

4. Requisitions for credit are sent to the C&AG every three or four weeks. They do not specify the individual services for which the money is required. When the C&AG informs the Bank of England that he grants the necessary credit, the

Treasury directs the Bank of England to make the required daily issue to the Paymaster General for credit of his account at the Bank of England or, in the case of revenue departments, direct to their accounts at the bank of England. The daily accounts of both the consolidated Fund and the National Loans Funds are sent by the Bank of England to the C&AG to enable him to verify that no improper issues have been made.

5. As Comptroller General the C&AG also has a statutory duty to ensure that all revenues and other public moneys payable to either the Consolidated Fund or the National Loans Fund are duly paid into the appropriate account at the Bank of England. In the case of the Consolidated Fund, taxation receipts are paid by collecting departments in accordance with arrangements determined by the Treasury. Details of transactions are provided to the Treasury and the C&AG, who reconcile them with the daily statements provided by the Bank of England. Miscellaneous revenue is surrendered monthly to the Consolidated Funds as "Extra Receipts". In the case of the National Loans Fund money borrowed by the Government flows daily into the Fund through the Bank of England and others. Again, when a department authorizes a transfer of receipts to the National Loans Fund it must at the same time notify the Treasury and the C&AG.

6. An important aspect of the UK CAG's role in the preparation of the UK budget and control on public expenditure derives from Section 156 and Section 157 of the Finance Act of 1998. These sections requires the CAG of UK to examine and report on conventions and assumptions underlying the Treasury's fiscal projections. These projections are required to be submitted to the CAG of UK by the Treasury for examination.

7. The foregoing paragraphs sum up the Comptroller function of the C&AG of UK. Given that the situation in India differs, to some extent, from the situation obtaining in the UK the system of exchequer control and the exact mechanism for exercising Comptroller functions will have to be appropriately modified so as to ensure that government departments and ministries do not spend more than what has been voted.

Annex-II

Statement indicating status of Financial Advisers and Controllers of Accounts with their Departmentwise charge

S.N.	Ministry/Department (including addl. Charge	F.A.	Accounting Head
1.	Ministry of Defence*		-
	a) Department of Defence	FA	
	b) Deptt. of Defence Production & Supply		
	c) Deptt. of Defence Research & Dev.		
2.	Railways*	FC	-
3.	Department of Telecom*	Member(Fin.)	-
	Department of Telecom Services*		
4.	Information & Broadcasting*		CCA
	Ministry of Law & Justice	AS & FA	
	a) Department of Legal Affairs		
	b) Legislative Department		CCA
	c) Department of Justice		
	d) Department of Co. Affairs		
	e) Ministry of Tribal Affairs		
5.	Ministry of Commerce & Industry		
	a) Department of Industrial Policy*	AS & FA	CCA
	b) Department of Heavy Industry		
	c) Department of Public Enterprise		
	d) Ministry of Small Scale & Agro & Rural Industries		
	e) Department of Disinvestment		
6.	External Affairs*	AS & FA	CCA
	Cabinet Secretariat (Security Organization)		
7.	Ministry of Transport*	AS & FA	CCA
	Department of Surface Transport		
	Department of Shipping		
8.	Ministry of Steel*	AS & FA	CCA

	Ministry of Nonconventional Energy Sources Department of Ocean Development		Dy. CA
9.	Ministry of Rural Development* a) Department of Rural Development b) Department of Land Resources c) Department of Drinking Water Supply	AS & FA	(with Agriculture)
10.	Ministry of Consumer Affairs & Public Distribution* a) Department of Public Distribution b) Department of Consumer Affairs c) Department of Sugar & Edible oils	AS & FA	CCA
11.	Ministry of Commerce & Industry a) Department of Commerce* b) Ministry of Textiles	AS & FA	CCA
	c) Department of Supply		CCA
12.	Ministry of Urban Development & Poverty Alleviation* a) Department of Urban Development b) Department of Urban Employment & Poverty Alleviation	JS & FA	CCA
13.	Ministry of Chemicals & Fertilizers a) Department of Fertilizers* b) Department of Chemicals & Petrochemicals	JS & FA	CA
14.	Department of Agricultural Research & Education* Planning Commission Ministry of Planning Ministry of Statistics & Programme Implementation Department of Food Processing Industries	AS & FA	CA

15.	Ministry of Petroleum & Natural Gas*	JS & FA	(with Chem/Fert.)
16.	Ministry of Agriculture*	JS & FA	CCA
	a) Department of Agriculture & Cooperation b) Deptt. of Animal Husbandary & Dairying		
17.	Ministry of Civil Aviation*	JS & FA	CA
	Ministry of Tourism & Culture a) Department of Tourism b) Department of Culture		
18.	Ministry of Coal*	JS & FA	Dy. CA
	Ministry of Youth Affairs & Sports		(with water resources)
	Ministry of Mines		(with Steel)
19.	Ministry of Communication a) Department of Posts*	JS & FA	
20.	a) Department of Science & Industrial Research* b) CSIR* c) Ministry of Labour	JS & FA	CA
21.	Ministry of Finance*	JS & FA	CCA
	a) Department of Expenditure b) Department of Revenue c) Department of Economic Affairs		CBDT Pr. CCA & CBEC Pr.CCA
	Ministry of Parliamentary Affairs Miscellaneous Department		
22.	Ministry of Home Affairs*	JS & FA	CCA
	a) Department of Internal Security b) Department of Stat c) Department of Home d) Department of Official Language		
	Min. of Personnel, Public Grievances & Pension		CA

23.	Ministry of Science & Technology a) Department of Science & Technology* b) Department of Bio-tech.	JS & FA	CA
24.	Ministry of Water Resources* Ministry of Social Justice & Empowerment	JS & FA	CA (with HRD)
25.	Ministry of Information Technology* Ministry of Environment & Forests	JS & FA	 CA
26.	Ministry of Health & Family Welfare* a) Department of Health b) Department of Family Welfare c) Department of Indian System of Medicine & Homeo.	JS & FA	CCA
27.	Ministry of Power*	JS & FA	CA
28.	Ministry of Human Resources & Dev. a) Department of Secondary & Higher Education* b) Deptt. of elementary education & literacy c) Deptt. of Women & Child Development	JS & FA	CCA
29.	Department of Atomic Energy		CCA
30.	Department of Space		CCA

* Constitute main charge of the FAs. others are as additional charge

Annex III

List Of Items Of User Charges

Sl.No.	Item	Purpose	Ministry/ Department/ Organisation
1	Power Charges	Domestic use Industrial use Agricultural use	CEA/SEB's/SED's/E Elec. Supply Undertakings
2	Water Charges	Drinking Irrigation Industrial	Jal Boards/irrigation Depts/Municipal Bodies CWC, Central Ground Water Board
3	Telephones/ Telecom charges	Fixed line/mobile, Fax, Voice Mail, Internet Services	DOT/VSNL/BSNL/MTNL
4	Postal charges	Postal articles like PC, envelope & parcels, Money orders, registered dak, postal stamps, telegrams etc.	Department of Posts
5	Charges Health services	Charges for diagnostic tests, like blood, sputum, urine, X-ray, ECG, CT Scan, MRI etc. Hospitalisation charges in general/special wards like ICU, cardiology, ortho etc. Registration chares which may include consultation charges in hospitals/dispensaries Charges for medicines during hospitalisation Sale of sera and vaccine, Contributions by Central Govt. employees covered under CGHS Sale of family planning contraceptives, pills and devices	Hospitals/dispensaries under the Government and the CGHS
6	Education & Training (higher & technical0	Tuition Fee Hostel fee (lodging charges) Charges for facilities like swimming pool, gymnasium, etc. Laboratory charges, computer & other specialised equipment use charges Charges levied for participation in study tours, conferences and project work	Higher & Technical Institutions in Engineering, Medicine, Management, Science etc. under Ministry of HRD, UGC, AICTE

Sl.No.	Item	Purpose	Ministry/ Department/ Organisation
7	Passports	Fee for issue of passports, identity certificates & services rendered thereon	Ministry of External Affairs
8	Police verification	Verification by police and issue of verification certificates on request of employers and other agencies Issue of voters' identify cards Fee for issue of visa	MHA
9	Examination Fee	Examination and other fee charges by UPSC/SSC & Other Rectt. Boards	UPSC/SSC etc.
10	Advertisement Charges	For use of time slots on various channels of Prasar Bharti	Ministry of I&B
		For use of spaces on railway platforms, stations, coaches and on railway crossings	Ministry of Railways
		For use of spaces in the premises of airports etc.	Ministry of Civil Aviation/AIA
		Advertising and visual publicity charges and film rentals by DAVP, Films Division etc.	
11	Charges for Art shows etc.	For hosting air/painting shows by artists in Art Galleries, museums, stadia, parks etc.	Ministry of Culture, Ministry of HRD/I&B etc.
12	Entry charges	For entry into trade fairs For visiting historical and national monuments and other such places of interest For visiting museums	ITPO, Archaeological Departments, Culture
13	Licence Fee/Lodging/Boarding etc.	Of residential accommodation provided by the Govt. Lodging charges in Govt. guest houses, Dak Bunglows, hostels, Sarais etc. Charges for boarding/lodging in hotels, motels run by the Government Ground rent in respect of Govt. property on lease	Ministry of UD, Railways, P&T, Tourism, Defence
14	Toll charges	Charges levied form commuters using bridges, highways etc. under BOLT, BOT etc.	Ministry of Surface Transport
15	Inland River Transport	Charges levied by the operating agency for using inland river system for transportation	Ministry of Surface Transport

Sl.No.	Item	Purpose	Ministry/ Department/ Organisation
16	Royalty	From leasing of coal and other mines/mineral deposits, and royalty on crude oil & gas.	Ministry of Mines & Minerals, Petroleum & N.G.
17.	Premia (Insurance)	From the policy holders in respect of life insurance and property assurance including agriculture/crop insurance, medical insurance etc.	LIC, GIC, NIC, UIC, NIA (Min. of Finance)
18.	Parking charges	In respect of vehicles in the parking areas in Govt. premises particularly in metro/urban areas- hospitals, airports, railway stations, ports and offices with public dealings.	Railways, AIA, Port Trusts, etc.
19.	Charges for using facilities	Charges paid by private and other Airlines to Air-India/Indian Airlines/AAI for using workshop, hangers and other facilities.	Civil Aviation
20.	Passenger Fares	Fares levied for passenger transport in Metros and other areas by Govt. transport undertakings including on concessional rates etc. Concessional fares, passes for students, employees, senior citizens, MPs etc. levied by railways, airlines etc.	Ministry of Transport/Railway
21	Inspection/grading charges of stores, samples	Charges levied by inspection agencies and quality control departments for certifying agricultural and industrial commodities for home consumption as well as export and also for excise/custom certification.	Ministry of Food Processing, Civil Supplies & Commerce, Finance, DGS&D.
22	Stationery/ printing charges	Charges levied for sale of govt.stationery, gazettes, govt. publications etc.	Ministry of UD, Commerce
23	Light (navigational) charges	Levied on ships and other vessels for using radio and visual navigational facilities.	Ministry of Surface Transport, Department of Light Houses and Light Ships.
24	Refining & Assaying Charges	For refining and assaying of gold etc.	Ministry of Finance, GOI

Sl.No.	Item	Purpose	Ministry/ Department/ Organisation
25	Quarantine Charges	For import and export of plant/plant materials.	Ministry of Agriculture, Dte. Of Plant Protection
26	Charges for Sports	Levied from participants and trainees and users of sports facilities, gymnasiums and health/body building centres Coaching charges.	Sports Authority of India, Stadia & Centres Also such facilities provided by GOI Welfare Bodies
27	Charges for Quality Certification/ Sale of Opium etc.	In Opium and Alkaloid factories.	Department of Revenue
28	Fee for purchase of stores	Levied from various Departments/users by the DGS&D	DGS&D
29	Service charges	Fee realised by NIC for its services rendered to non-govt. bodies	Ministry of Information Technology, National Informatics Centre
30	Survey & Registration	Fee charged from ships and ferry services	Ministry of Surface Transport
31	Charges for use of National Highways etc.	Fee for use of national highway, permanent bridges and departmental charges recovered from State Government s	Ministry of Surface Transport, Border Roads Development Board
32	Sale & Service charges	Sale & Services provided by various divisions of BARC (Atomic Energy)	Department of Atomic Energy
33	Charges for specified jobs	Specified jobs undertaken by the Geological Survey of India, Survey of India, National Alas & Thematic Mapping Organisation	Ministry of Science & Technology
34	Meterological Charges	From various agriculture & other users/body for services rendered	IMD
35	Agricultural Education	Fee charged for providing agricultural extension services	Ministry of Agriculture & Cooperation
36	Fee under labour laws	Fee charged under labour laws, factories and mines Act.	Ministry of Labour

Sl.No.	Item	Purpose	Ministry/ Department/ Organisation
37	Canteen Services		MOD etc.