

# REPORT

## Stores, Printing and Stationery Sub-Committee

of the

RETRENCHMENT ADVISORY COMMITTEE

(FINAL)

*September 1932*

सत्यमेव जयते



CALCUTTA: GOVERNMENT OF INDIA  
CENTRAL PUBLICATION BRANCH  
1932.

*Price: Rs. 2 or 3s. 6d.*

**Government of India Publications are obtainable from the Government of India  
Central Publication Branch, 3, Government Place, - West, Calcutta,  
and from the following Agents:—  
EUROPE.**

**Direct to the High Commissioner for India, India House, Aldwych, LONDON, W. C. 2. And at all Booksellers.**

**INDIA AND CEYLON : Provincial Book Depôts.**

**MADRAS :—**Superintendent, Government Press, Mount Road, Madras.

**BOMBAY :—**Superintendent, Government Printing and Stationery, Queen's Road, Bombay.

**SIND :—**Library attached to the Office of the Commissioner in Sind, Karachi.

**BENGAL :—**Bengal Secretariat Book Depot, Writers' Buildings, Room No. 1, Ground Floor, Calcutta.

**UNITED PROVINCES OF AGRA AND OUDH :—**Superintendent of Government Press, United Provinces of Agra and Oudh, Allahabad.

**PUNJAB :—**Superintendent, Government Printing, Punjab, Lahore.

**BURMA :—**Superintendent, Government Printing, Burma, Rangoon.

**CENTRAL PROVINCES AND BEEHAR :—**Superintendent, Government Printing, Central Provinces, Nagpur.

**ASSAM :—**Superintendent, Assam Secretariat Press, Shillong.

**BIHAR AND ORISSA :—**Superintendent, Government Printing, Bihar and Orissa, P. O. Gulzarbagh, Patna.

**NORTH-WEST FRONTIER PROVINCE :—**Manager, Government Printing and Stationery, Peshawar.

Thacker, Spink & Co., Ltd., Calcutta and Simla.

W. Newman & Co., Ltd., Calcutta.

S. K. Lahiri & Co., Calcutta.

The Indian School Supply Depot, 309, Bow Bazar Street, Calcutta.

Butterworth & Co. (India), Ltd., Calcutta.

M. C. Sanyal & Sons, 15, College Square, Calcutta.

Standard Literature Company, Limited, Calcutta.

Association Press, Calcutta.

Chakraverty, Chatterjee & Co., Ltd., 13, College Square, Calcutta.

The Book Company, Calcutta.

James Murray & Co., 12, Government Place, Calcutta.

(For Meteorological Publications only.)

Ray, Chaudhary & Co., 68-5, Ashutosh Mukherji Road, Calcutta.

Scientific Publishing Co., 9, Taitola Lane, Calcutta.

Chatterjee & Co., 3-1, Bocharam Chatterjee Lane, Calcutta.

Standard Law Book Society, 5, Hastings Street, Calcutta.

The Hindu Library, 3, Nandlal Mullik Lane, Calcutta.

Kamala Book Depot, Ltd., 15, College Square, Calcutta.

The Pioneer Book Supply Co., 80, Shib Narain Das Lane, Calcutta.

P. C. Sarkar & Co., 2, Shama Charan De Street, Calcutta.

\*Bengal Flying Club, Dum Dum Cantt.

Kail Chaman & Co., Municipal Market, Calcutta.

N. M. Roy Chowdhury & Co., 11, College Sqr., Calcutta.

Grantha Mandir, Cuttack.

B. C. Basak, Esq., Proprietor, Albert Library, Dacca.

Higginbothams, Madras.

Rochouse and Sons, Madras.

G. A. Natesan & Co., Publishers, George Town, Madras.

P. Varadachary & Co, Madras.

City Book Co., Madras.

Law Publishing Co., Mylapore, Madras.

The Booklover's Resort, Talikad, Trivandrum, South India.

E. M. Gopalakrishna Kone, Pudumandapam, Madras.

Central Book Depot, Madras.

Vijapur & Co., Vizagapatam.

Thacker & Co., Ltd., Bombay.

D. B. Taraporevala, Sons & Co., Bombay.

Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.

N. M. Tripathi & Co., Booksellers, Princess Street, Kalbadevi Road, Bombay.

New and Secondhand Bookshop, Kalbadevi Road, Bombay.

J. M. Pandia & Co., Bombay.

A. H. Wheeler & Co., Allahabad, Calcutta and Bombay.

Bombay Book Depot, Girgaon, Bombay.

Bennett, Coleman & Co., Ltd., The Times of India Press, Bombay.

The Popular Book Depot, Bombay.

Lawrence & Mayo, Ltd., Bombay.

The Manager, Oriental Book Supplying Agency, 15, Shukrawar, Poona City.

Rama Krishna Bros., Opposite Bishrambag, Poona City.

S. P. Bookstall, 21, Budhwar, Poona.

The International Book Service, Poona 4.

Mangaldas & Sons, Booksellers and Publishers, Bhaga Talao, Surat.

The Standard Book and Stationery Co., 32-33, Arbab Road, Peshawar.

The Students Own Book Depot, Dharwar.

Shri Shankar Karnataka Pustaka Bhandara, Malamuddi, Dharwar.

The English Book Depot, Ferozepore.

Frontier Book & Stationery Co., Rawalpindi.

\*Khanabhai Karimji and Sons, Karachi.

The English Bookstall, Karachi.

Rose & Co., Karachi.

Kale & Co., Karachi.

Ram Chaudler & Sons, Ambala, Chawari.

The Standard Bookstall, Quetta & Lahore.

U. F. Malhotra & Co., Quetta.

J. Ray & Sons, 43, K. & L. Edwardes Road, Rawalpindi, Murree and Lahore.

The Standard Book Depot, Lahore, Nainital, Mussoorie, Dalhousie, Ambala Cantonment and Delhi.

The North India Christian Tract and Book Society,

18, Clive Road, Allahabad.

Ram Narain Lal, Katra, Allahabad.

"The Leader", Allahabad.

The Indian Army Book Depot, Dayalbagh, Agra.

The English Book Depot, Taj Road, Agra.

Gaya Prasad & Sons, Agra.

Narain & Co., Minton Road, Cawnpore.

The Indian Army Book Depot, Jullundur City,

Daryaganj, Delhi.

Manager, Newal Kishore Press, Lucknow.

The Upper India Publishing House, Ltd., Literature

Palace, Ammuddaula Park, Lucknow.

Rai Sahib M. Gulab Singh & Sons, Mufid-i-Am Press,

Lahore and Allahabad.

Rama Krishna & Sons, Booksellers, Anarkali, Lahore.

Students Popular Depot, Anarkali, Lahore.

The Proprietor, Punjab Sanskrit Book Depot, Sakhi-

mitha Street, Lahore.

The Insurance Publicity Co., Ltd., Lahore.

The Punjab Religious Book Society, Lahore.

The Commercial Book Co., Lahore.

The University Book Agency, Kashari Road, Lahore.

Manager of the Imperial Book Depot, 63, Chandai

Chowk Street, Delhi.

J. M. Jaina & Bros., Delhi.

Fono Book Agency, New Delhi and Simla.

Oxford Book and Stationery Company, Delhi, Lahore,

Simla, and Calcutta.

Mohan Lal Doosabhai Shah, Rajkot.

Supdt., American Baptist Mission Press, Rangoon.

Burma Book Club, Ltd., Rangoon.

S. C. Talukdar, Proprietor, Students & Co., Chooch Behar.

The Manager, The Indian Book Shop, Secare City.

Nandkishore & Bros., Chowk, Secare City.

The Srivilliputhur Co-operative Trading Union, Ltd.,

Srivilliputhur (T. N.).

Raghunath Prasad & Sons, Patna City.

The Students' Emporium, Patna.

K. L. Mathur & Bros., Guzri, Patna City.

Kamala Book Stores, Bankipore, Patna.

G. Banerjee and Bros., Ranchi.

M. C. Kothari, Raipura Road, Baroda.

B. Parikh & Co., Baroda.

The Hyderabad Book Depot, Chauduggat, Hydrabad (Deccan).

S. Krishnaswamy & Co., Teppakkulam P. O., Trichinopoly Fort.

Standard Book and Map Agency, Book Sellers and Publishers, Ballygunge.

Karnataka Publishing House, Bangalore City.

Bheema Sons, Fort, Bangalore City.

Superintendent, Bangalore Press, Lake View, Mysore

Road, Bangalore City.

**AGENT IN PALESTINE :—Shimataky, Jerusalem.**

\*Agent for publications on aviation only.

## Constitution and Terms of Reference of the Sub-committee

### CONSTITUTION.

The Sub Committee was constituted as below :—

- |                                                                                         |                  |
|-----------------------------------------------------------------------------------------|------------------|
| (1) The Honourable Mr. G. A. NATESAN, Member of the Council of State, <i>Chairman</i> . |                  |
| (2) Mr. B. DAS, M. L. A.                                                                | } <i>Members</i> |
| (3) Mr. A. H. GHUZNABI, M. L. A.,                                                       |                  |
| (4) Mr. JAGGANNATH AGGARWAL, M. L. A.                                                   |                  |
| (5) The Honourable Mr. H. P. BROWNE, C.B.E.*                                            |                  |
| Mr. V. K. ARAVAMUDHA AYANGAR, C.I.E., <i>Secretary</i> .                                |                  |
| * Mr. S. C. LYTTELTON was appointed when Mr. Browne resigned.                           |                  |

### *General Terms of Reference.*

“To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned these will be left for the exclusive consideration of the Government but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.”

### *Subsidiary Terms of Reference in respect of the Indian Stores Department.*

#### A.—To advise—

- (1) on the extent to which the Department is serving, the object for which it was created :
- (2) whether it is necessary in its present form for that object and should be maintained, or if not
- (3) whether it should be abolished or its organisation modified ;
- (4) what consequences would result from such abolition or modification.

#### B.—To advise, if the Department is to be retained—

- (1) whether the existing orders as to the extent to which it should be used by all Central Governments need any and if so what revision ;
- (2) on the advisability of adopting the means of retrenchment discussed by the Chief Controller, Indian Stores Department and the Retrenchment Officer in their Report ;
- (3) on the possibility of securing further savings by any other means.
- (4) on the suitability of the existing system of departmental charges.

In our *interim* reports\* which we submitted in September last year, we devoted our attention to the possibilities of immediate retrenchment in the two departments with which we were concerned, as in view of the financial position of the Government of India at the time an immediate reduction in expenditure was considered of paramount urgency. Besides review of expenditure we were required under our terms of reference in respect of the Indian Stores Department to advise—

A—(i) On the extent to which the Department is serving the object for which it was created.

(ii) Whether it is necessary in its present form for that object and should be maintained, or if not, whether it should be abolished or its organisation modified and what consequences would result from such abolition or modifications.

B—if the Department is to be retained—

(i) Whether the existing orders as to the extent to which it should be used by all Central Government Departments need any, and if so, what revision.

(ii) On the suitability of the existing system of departmental charges.

Having completed our examination we now present our final report dealing with the subsidiary terms of reference mentioned above and also with various other matters connected with retrenchment which came under our review.

#### **Proceedings of the Committee.**

2. After presenting our *interim* reports we continued to hold meetings in Simla during the legislative session and held in all five meetings of which the last was a joint meeting with the Railway Retrenchment Sub-Committee when the Chief Commissioner, Railways, the Financial Commissioner, Railways and the Chief Controller, Indian Stores Department were examined in regard to purchases by railways through the Indian Stores Department. We also examined Mr. J. A. Shillidy, Secretary to the Government of India in the Department of Industries and Labour, regarding the policy of the Government of India in the matter of stores purchase.

We resumed our meetings on the 8th January 1932 at Calcutta and held five meetings between the 8th and 13th January 1932 when we examined a number of officers and representatives of commercial firms. The Chairman was authorised by the Committee to continue further examination in Bombay. The Chairman and Secretary reached Bombay on the 19th January and examined witnesses and inspected offices between the 19th and 22nd January 1932. The witnesses included the representatives of various commercial bodies and officers of the Stores Department.

We finally met in Simla on the 9th September 1932 for examining the representatives of the Army Department and for formulating our conclusions.

We enclose a list† of the various commercial bodies and individuals who submitted written memoranda to us in response to our enquiries. A list‡ of witnesses who were orally examined by us is also enclosed.

---

\* *Vide* Appendices I and II.

† *Vide* Appendix III.

‡ *Vide* Appendix IV.

### Acknowledgments.

3. We should like to express our grateful appreciation of the kind assistance rendered by all the witnesses in this connection. Our special thanks are due to the Chief Controller of the Indian Stores Department who was always willing to discuss matters with us and help us with his valuable advice.

Pending the appointment of Mr. V. K. Aravamudha Ayangar as Secretary to our Committee Mr. T. Ryan undertook the secretarial work of the Committee at the outset of our enquiry. We are much indebted to him for a good deal of valuable preliminary work done by him for our Committee.

The services of Mr. V. K. Aravamudha Ayangar were not available during the budget session of 1932 and during this period when we pursued our enquiry at Calcutta and Bombay, Mr. S. P. Shah, I.C.S., acted as our Secretary and our thanks are also due to him for his ungrudging assistance.

We desire to place on record our high appreciation of the valuable service rendered to us by our Secretary, Mr. V. K. Aravamudha Ayangar. In spite of his onerous duties as Budget officer, he has as a part time official applied himself to his task with considerable zeal and ability. His quick grasp of financial matters, his great experience of the financial working of various departments and his experience as Secretary of the Public Accounts Committee have been of invaluable help to us.

### Certain outstanding recommendations from our interim reports.

4. We proposed in paragraph 6 (b) of our interim report, dated 5th September 1931, that the printing work of the Government of India should be concentrated at one place, New Delhi, and promised to make a further report on the financial effect of our proposal. We also pointed out in paragraph 6 (d) of the same report that the printing of forms work now done by the Calcutta Press might advantageously be transferred to Aligarh thus enabling Government to make the most economical use of the machinery at that Press and thereby effect some saving in printing charges. We are glad to find that the Government of India are in agreement with us on the main principle of these proposals. The first step in the direction contemplated by us has been taken by the transfer of the Central Publication Branch from Calcutta to Delhi. But our bigger proposal for the complete abolition of the Hasings Street Press will have to be effected by very gradual stages. It is impossible to fix a period during which the transfer should be completed. In these circumstances we consider it inadvisable to attempt to work out now estimates for the financial cost of the complete scheme.

5. In paragraph 7 of the *interim* report of the 5th September, we referred among other things to the Indianisation of the staff and reduction of stores balances in the Stationery and Printing Department. As regards Indianisation we have examined this question in consultation with the Controller of Stationery and Printing who supplied us in this connection with a comprehensive note on the subject. The question of the Indianisation of the superior supervising staff of the Stationery and Printing Department was taken up by Government in

1925, who decided, after careful examination, that if the department was to be Indianised, it was essential that arrangements should be made for securing European training for suitable Indian candidates for the technical posts. Accordingly a system of training apprentices was introduced in 1926 under which one apprentice out of those undergoing training at the Calcutta Press was to be sent to England for further training every year for some years and a set of rules applicable to holders of Government scholarships in printing and allied trades in England was framed. In pursuance of this scheme six apprentices were sent to England up to the year 1931 of whom three have already returned to India and been provided with permanent appointments in the Government Presses. Three more vacancies are expected during the next few years to which the remaining apprentices due to return from England will be appointed. As no further vacancy is likely to occur in the ordinary course after August 1934, it has been decided by Government to hold the scheme of training in abeyance for one year and to review the position in February 1935. As regards gazetted appointments in the Stationery office, the Central Publication Branch and the Controller's office, of the seven appointments in existence, four are already held by Indians or statutory Indians. Of the remaining three posts, one is also held by an Indian in an officiating capacity. As regards the other two posts, viz., Deputy Controller of Printing in the Controller's office and Deputy Controller of Stationery, Calcutta, we were informed by the Controller that both the posts are expected to be filled by Indians in due course. In fact the Controller anticipates that within the next 15 years the Stationery and Printing Department may be completely Indianised. We are satisfied with the position regarding Indianisation in the Department and have no recommendations to make.

6. As regards reduction of stores balances, we observed in paragraph 6 (f) of our *interim* report that the value of stationery stores in stock at the end of March 1931 was about Rs. 15 lakhs, that the stock at the close of each year is at present fixed so as not to exceed 3 months' supply and that in view of the fact that of the total purchase amounting to Rs. 62½ lakhs in 1930-31, about Rs. 59 lakhs were purchased in India, the question of reducing the stock at the end of the year to less than three months' supply should be considered. We took the matter up with the Controller of Printing and Stationery, who pointed out that a proportion of stock balance of articles purchased in India consisted of articles of European manufacture purchased through local Agents and that supplies of these articles could not in many cases be obtained within less than three months from the time of placing orders. In regard to the item "Purchase of paper" the Controller informed us that as an experimental measure and with a view to economy, it has been decided to endeavour to work on a two months' stock. The approximate value of three months' requirements of all the various qualities of paper is about Rs. 9 lakhs and the experiment is expected to result in a reduction of stocks by approximately Rs. 3 lakhs. The Controller is doubtful whether it would be possible to secure a lower stock balance than Rs. 12 lakhs. But he has assured us that special endeavour will be made to reduce stocks to the very lowest figure. In fact in order to get stocks as low as possible, he has introduced a system of direct supply to the big consuming departments such as Railways, Posts and Telegraphs, etc., and we were told that stocks to the amount of about Rs. 20 lakhs were being supplied direct on contracts entered into by the Stationery Department. We are satis-

fied that the position is very closely watched and that purchases are being restricted to minimum requirements. We observe that the question of reducing stores balances in the various central offices has engaged the attention of the Public Accounts Committee which has recommended that the possibility of reducing stocks by revising the basis of calculation of working balances, *e.g.*, by adopting 2 months' consumption basis instead of 3 months in the case of articles obtained locally, should be examined by all civil departments. We endorse this recommendation.

### **Matters examined after our interim reports.**

7. There are two special branches of the Indian Stores Department, *viz.*, the Government Test House at Alipore and the Metallurgical Inspectorate at Jamshedpur, which could easily be separated from the other branches of the Department and dealt with independently.

### **Government Test House, Alipore.**

8. The work done by the Government Test House, Alipore, is briefly described in Chapter XIII of the pamphlet issued by the Indian Stores Department entitled "The Indian Stores Department and Assistance to Indian Industries". The important part played by the Government Test House, Alipore, in the industrial development of India has been emphasised by more than one witness both orally and in the written memoranda submitted to us. The following quotation from the memorandum of one of the witnesses will be relevant in this connection:—

"The Test House silences, by accurate analysis and test, the unfounded and prejudiced criticism of many buying officers. An officer in Southern India was buying imported cement. He said Indian cement tested by him was below British standard. A test made in the Government Test House disproved his statement entirely and proved the fault was with the officer. Indian made white lead was reported to be useless and to make such paint that it ran down the railway carriages in the rain. It took some time to find out the cause of this, but it had nothing to do with white lead and the Indian Stores Department has been buying Indian white lead \* \* \* \* \*

The tests made on an Indian manufactured ceiling fan showed such remarkable efficiency that the Indian Stores Department has been able to make considerable purchases, and if Indian workmanship were only better, a matter of time, greater purchases would be possible. \* \* \* The great King George's docks in Calcutta are faced with Indian blue bricks tested throughout construction, as was the cement, concrete, etc., in the Government Test House. These tests showed the Indian product on the whole to have superior wearing properties to Staffordshire blue bricks".

We are definitely of the opinion that the Alipore Test House and Laboratory has supplied a long felt want in the country and should be maintained. We

have, however, come to the unanimous conclusion that it is not fair that the Indian Stores Department should be saddled with the cost of this Test House. As a matter of fact the functions of the Test House are not restricted to making tests and analyses for the Indian Stores Department. The facilities it has to offer are made use of by many other Departments of the Central and Provincial Governments and by Industrialists and Traders throughout the country. In our opinion the Alipore Test House should be regarded more or less as an institution similar to the National Physical Laboratory, London. We hope, in order to enable the Test House to fulfil its rôle as a national institution, Government will take steps, if and when a suitable opportunity occurs, to secure the services of an eminent Indian scientist as head of the institution.

9. We give below a statement showing the receipts and expenditure of the Test House from the year 1924-25 :—

Year.	Gross expenditure.		Receipts.		Net expenditure.	
	Rs.		Rs.		Rs.	
1924-25 .. ..	2,86,288		1,31,693		1,54,595	
1925-26 .. ..	3,18,239		1,42,707		1,75,532	
1926-27 .. ..	2,90,506		1,80,289		1,10,217	
1927-28 .. ..	3,06,652		1,90,492		1,16,160	
1928-29 .. ..	3,95,549		1,94,523		2,01,026	
1929-30 .. ..	4,29,346		2,09,156		2,20,190	
1930-31 .. ..	3,73,824		1,79,791		1,94,033	
1931-32 .. ..	4,00,058		1,81,433		2,18,625	

The figures include direct as well as indirect charges, including a debit for the headquarters supervision on the expenditure side and a credit for work done for the Indian Stores Department on the receipt side.

The expenditure on the National Physical Laboratory, London, during the year ended 31st March 1931, was as follows :—

Gross expenditure.	Receipts.	Net expenditure.
£	£	£
208,964	104,706	104,258

The net expenditure of £104,258 does not however include any share of headquarters administration charges and is further in addition to a net expenditure of about £20,000 incurred on Chemical Research Laboratory.

10. The Test House at Alipore carries out both physical as well as chemical tests while the National Physical Laboratory confines itself to the former class of tests. We are not however satisfied that the expenditure of the institution cannot be brought down consistent with efficiency. We recommend that the



possibilities of economy should be examined departmentally with particular reference to the following points.

(i) *Duplication of expenditure.*—We understand that the Army Department has its own Test House at Cawnpore and we were informed that the department decided to establish its own test house as the Alipore Test House charged a scale of fees which that department considered to be more than reasonable. We consider it a short-sighted policy, which is certainly not in the interests of the general taxpayer, that for any reason departments of the Government of India should be encouraged to start independent laboratories of their own and we are of the opinion that it is most advisable that the question of issuing general instructions to all departments of the Government of India to utilise the services of the Alipore Test House and Laboratory should be considered. We may refer in this connection to a recommendation in Chapter II of the 2nd *interim* report of the General Purposes Sub-Committee, *viz.*, that the chemical control work in the Customs Department should be made over to the Government Test House at Alipore. We suggest in this connection that the system of charging Government departments for tests and analyses carried out on their behalf might be abolished, if that is considered necessary to induce departments to utilise the institution to the fullest extent possible. We may add that Central non-commercial Civil departments are already exempt from payment of any fees for services rendered. If this suggestion were accepted, it would still be possible to present the financial results of the working of the institute in the form of a *pro forma* account wherein credit might be taken for fees for tests and analyses carried out on behalf of Government of India departments.

(ii) *Examination of proposals for fresh expenditure.*—During our inspection of the Test House we observed that the capacity and scope of the various sections in the institution had been increased in recent years and that new fields of operations had been opened. We are not sure whether the expansion of activities in some directions has not been premature. For example we were told by one of the witnesses before us that an impact testing appliance was installed a few years ago at a cost of about Rs. 30,000 but that the appliance now remains more or less a dead machine. We suggest that no proposals in future for the expansion of the activities of the institution should be accepted unless after thorough expert examination the proposals are found to be such as can reasonably be expected to yield financial benefits to the country commensurate with the outlay.

### Metallurgical Inspectorate.

11. The Metallurgical Inspectorate at Tatanagar came into being to meet the necessity for providing an efficient inspecting and testing establishment for the products of Messrs. Tata Iron and Steel Co. which founded the steel industry in India. The inspection of the products of this Company still forms the major part of the work of the Inspectorate. Like other branches of the Indian Stores Department, the activities of the Metallurgical Inspectorate have been adversely affected by the diminution in the purchases made by the Railways in India from

the Company and the general trade depression. The following table gives the receipts and expenditure of the Inspectorate from the year 1924-25 :—

Year.		Expenditure.	Receipts.	Net Receipts +.
				Net expenditure —.
		Rs.	Rs.	Rs.
1924-25	..	2,40,922	3,03,344	+62,422
1925-26	..	3,04,418	3,43,933	+39,515
1926-27	..	2,64,485	4,26,235	+1,61,750
1927-28	..	2,67,569	4,40,483	+1,72,914
1928-29	..	3,24,044	2,62,793	—61,251
1929-30	..	3,46,842	3,78,988	+32,146
1930-31	..	3,15,228	3,69,123	+53,895
1931-32	..	2,47,085	2,56,468	+9,383

The figures include direct as well as indirect charges, including a debit for the headquarters supervision on the expenditure side and a credit for work done for the Indian Stores Department on the receipt side.

12. It will be seen from the statement above that the Metallurgical Inspectorate is the only branch of the Indian Stores Department which works at a profit. The profit is earned mainly from the fees paid for the inspection of the products of the Tata Iron and Steel Company. The organisation of the works is highly delicate and the outflow of work is entirely dependent on expeditious and efficient inspection. We were informed that the possibility of reducing the staff of the Inspectorate had been considered more than once by the department and that on every occasion the department came to the conclusion that any reduction of the strength of the inspection establishment would be fraught with tremendous risk, not only from the point of view of the safety of the Indian public but also from the point of view of injury that might be done to India's greatest national industry. We agree with this conclusion and deprecate any attempt to reduce the facilities that are now given to Messrs. Tata Iron and Steel Company in the matter of efficient and expeditious inspection. At the same time we consider that the Indian taxpayer will be fully justified in demanding that this branch of the Stores Department should be maintained on a self-supporting basis. The profit from the activities of this branch which reached the large figure of Rs. 1,73,000 in 1927-28 has now dwindled to Rs. 9,000 in the year 1931-32. We are definitely of the opinion that the expenditure on the Inspectorate should be departmentally reviewed and proper steps taken in time to prevent the Inspectorate becoming a losing concern. We understand that this question is already engaging the attention of the Indian Stores Department. We are aware that since 1925 all the recruits appointed to the Metallurgical Inspectorate have been Indians a number of whom have been specially trained in metallurgy in Europe under a scheme of State scholarships. The question of reducing the superior staff should therefore be carefully considered with reference to a sufficiently long period view of prospects of increase in the work of the Inspectorate, say, during the next five or ten years.

### Indian Stores Department.

13. The Indian Stores Department was established in pursuance of the recommendation of the Stores Purchase Committee. Nearly half a century ago, the Government of India enunciated their policy of substituting for all State purposes stores of indigenous manufacture and origin for stores produced abroad and prescribed by rules regulating the purchase of stores for the public service that preference should be given to articles manufactured wholly or partly in India over stores of like description manufactured abroad. In spite of the preference laid down in the rules the Indian Industrial Commission in 1918 found that the manufacturing resources of the country were not being availed of to the fullest extent possible by purchasing officers owing to want of information of sources of supply and of market values and also owing to the lack of efficient inspecting agencies in the country. The Stores Purchase Committee was appointed in 1919 by the Government of India in order to work out a detailed scheme for the constitution of a fully equipped stores agency in India in accordance with the principles set forth by the Indian Industrial Commission. The Committee was required to "concentrate their attention on the difficult and complicated task of devising a scheme which will as far as possible meet the needs of the different interests concerned while keeping fully in view the fundamental principles of efficiency and economy". After a careful consideration of all the aspects of the question, the Stores Purchase Committee came to the conclusion that the remedy for the then prevalent unsatisfactory state of affairs in respect of purchase of stores for the public service in India was to be found in the establishment of a department (the Indian Stores Department) which among other things,

(a) should act on behalf of all Imperial departments of the Government of India (including Army, Marine and Civil Departments and State-worked railways) and such provincial governments, company-worked railways, corporations, port trusts, municipalities and similar *quasi* public bodies and such Indian States as may desire to avail themselves of its assistance,

(b) should so conduct its operations as to prevent the purchase of imported stores so long as goods of indigenous production of suitable quality and price can be procured in India,

(c) should act as a central bureau of information on all matters affecting purchase of stores and their price, particularly with reference to the extent of Indian manufacturers and their capacity for production from time to time. The Committee also recommended that in regard to recruitment to the new department preference should be given to statutory "natives of India" whenever suitable qualified men were available in India.

14. The Stores Purchase Committee anticipated that stores worth about Rs. 8 crores would normally be purchased by the new department provided the departments of the Central Government, including the Army and the State Railways, freely utilised its services. The committee visualised that the net cost of the department when fully fledged and competent to handle the total volume of expected business would be about Rs. 15 lakhs or less than 2 per cent. of the cost of the stores handled.

15. These recommendations were accepted by the Government and the department came into existence on the 1st of January, 1922, when the Chief Controller of Stores and the Chief Inspector were appointed and the work of purchasing textiles for the Army and other departments of the Government was transferred to the head of the new department. In July, 1922, the offices of the Superintendent Local Manufactures and Government Test House and the Metallurgical Inspectorate were brought under the new department, the absorbed offices serving as the nucleus of the Inspection branch of the department. Further additions to the establishment in order to cope with the increasing work of the department in the matter both of purchase and inspection had to be postponed till the end of the financial year after the necessity for the department had been thoroughly examined by the Inchcape Committee. For all practical purposes, the department may be considered to have come into full working order in 1923-24.

16. Early in the life of the department the Government of India decided that its revenue should be derived from the charges levied for services rendered and that these should be at the rate of 1% of the value for purchase of stores and 1% for inspection of stores, an aggregate of 2% being charged for purchase and inspection together. This decision has to some extent been modified by recent orders to the effect that all non-commercial civil departments of the central Government are entitled to the services of the Indian Stores Department without charge.

#### *Growth of the Department.*

17. Though the Government of India originally advocated the utilization of the Indian Stores Department by all their departments, it was not the policy of the Government at the beginning when the Indian Stores Department was constituted to make purchases through it obligatory. The idea was that the department should prove its utility and as it proved its utility, it should get its custom. The Railways and the Army had each its organisation for purchase and inspection of its stores and were naturally reluctant to close down their organisation at once and to transfer the work connected with the supply of their requirements to a new department. The provincial Governments, who were not included in the original scheme of purchase, were however ready to utilize the services of the department and the greater portion of the work during the first two years was undertaken on behalf of the Governments of Bombay and the Punjab. The major local Governments issued in 1926-27 definite rules regulating the purchase of stores and recognising the Indian Stores Department as a useful purchasing and inspecting organisation. The following statement shows the progress made during the first few years of the existence of the department.

Year.		No. of authorities utilising the depart- ment.	Value of orders placed. (In lakhs of rupees.)
1921-22	..	14	59
1922-23	..	22	165
1923-24	..	39	167
1924-25	..	88	259
1925-26	..	152	287
1926-27	..	184	399

After full five years after the establishment of the department, the volume of purchases had only reached 50% of the normal limit contemplated by the Stores Purchase Committee and compared with the total requirements of the consuming departments was inconsiderable. It was no wonder therefore that the Public Accounts Committee which examined the accounts of the department from year to year recommended in its report for 1927-28 that if the Government were satisfied that "the Department is so organised that it is capable of purchasing stores with efficiency and economy on a standard comparable to that attained by the departments when purchasing on their own account, then the Government should issue orders that all stores other than stores of a technical nature required by any Government department should in future be purchased through the Indian Stores Department". If the Government were not so satisfied, then the Public Accounts Committee recommended that "they should appoint a committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department."

*Orders regarding the utilization of Indian Stores Department by Government of India Departments.*

18. The Department of Industries and Labour issued orders in 1929-30 to all authorities under their direct control that the purchase of all classes of stores, handled by the Indian Stores Department, should, in future, be entrusted invariably to that department. Similar orders were issued in 1930-31 by the Department of Industries and Labour to all minor local Administrations and by the Home, Commerce, and Foreign and Political Departments to the authorities under their direct control. In 1931-32, the Finance Department issued orders to the Auditor General and the Central Board of Revenue and the Department of Education, Health and Lands to the offices under its control. The Imperial Council of Agricultural Research, the Legislative and Legislative Assembly Departments also agreed to obtain their requirements through the Indian Stores Department.

19. Five of the major local Governments have promulgated new "Rules for the supply of articles required to be purchased for the public service" closely following the central Government's rules and certain local Governments have definitely laid down that the Indian Stores Department should ordinarily be utilized for the purchase of stores exceeding Rs. 500 in value.

20. The Railway Board decided in 1928 that several articles which were usually purchased on annual contracts by Railways should be obtained entirely through the Indian Stores Department and we were informed that substantial additions were being made from time to time to the list of stores the purchase of which is entrusted to the Indian Stores Department.

21. The Army Department has transferred to the Indian Stores Department entirely the purchases of textiles and Military Engineering Service stores including electrical and mechanical plant requirements. Besides handling themselves their requirements of foodstuffs and special military stores the Army Department still continue their own purchases of several classes of general stores for branches other than the Military Engineering Service which are by no means of a special military character, like locks, paints, pigments and varnishes, lubricating and fuel oils, petrol and kerosine,

hand tools, miscellaneous hardware, electrical stores, etc. So far as inspection is concerned, the Army authorities do not utilize the Indian Stores Department to any great extent and even the inspection of clothing and general stores is carried out by their own inspecting agency.

22. In 1923-24 the services of the Department were utilized by the Government of South Africa for the purchase and inspection of a large number of jute grain bags required by them. The Air Ministry of the British Government has utilized the services of the Department in connection with the purchase and inspection of certain Engineering supplies required for the Airship Base, Karachi, and also in connection with miscellaneous stores required for works in Aden under the control of the Ministry. The facilities offered by the Department have been brought to the notice of the Governments of the Crown Colonies. The Government of Ceylon has issued instructions to some of the important Departments under its control to advertise tender notices of Rs. 5,000 or over in value in India in order to afford an opportunity to firms in India to quote for the demands. The Department has undertaken the inspection of tents and tent components on behalf of the Palestine Government. Negotiations have also taken place with the Egyptian Government regarding the inspection of rails, the purchase of which in India was under consideration by that Government. The Department has also undertaken the inspection of materials on behalf of the Singapore Municipality.

23. In spite of the most patient and we should say, creditable efforts to secure custom, the volume of work handled by the Indian Stores Department has not reached the figure visualized by the Stores Purchase Committee. The following figures will illustrate the position.

*Purchases through Indian Stores Department.*

Year.			Number of Departmental and other authorities utilising the I. S. D.	Value of orders placed. (Rs. lakhs.)
1928-29	..	..	227	360
1929-30	..	..	249	429
1930-31	..	..	270	377
1931-32	..	..	297	360

*Inspection through Indian Stores Department.*

Year.			Inspection of stores charged on value. (Rs. lakhs.)	Inspection of stores charged on weight. (Tons.)
1928-29	--	..	542	219,000
1929-30	..	..	748	343,000
1930-31	--	..	661	328,000
1931-32	--	..	494	311,000

The following figures show the volume of work done for the Railways and the Army separately.

*Railways.\**

		(Rs. in lakhs).		
		Value of stores inspected.		
		(a)	(b)	
	Value of purchases.	those charged on value.	those charged on weight. (Tons.)	
1928-29	.. 104	274	129,000	
1929-30	.. 150	405	173,000	
1930-31	.. 128	285	159,000	
1931-32	.. 126	209	170,000	

*Army.*

				Value of purchases.
1928-29	.. ..	..	..	133
1929-30	.. ..	..	..	119
1930-31	.. ..	..	..	105
1931-32	.. ..	..	..	138

*The rupee tender system.*

24. The growth of business handled by the Indian Stores Department, small as it is, would be still smaller but for the operation of the rupee tender system. This system came into force from 1st January 1931 by the promulgation of new rules for the supply of articles required to be purchased for the public service. Under these rules all articles required to be purchased for the public service have normally to be purchased on the condition that delivery shall be made in India for payment in rupees in India. As a consequence purchase *abroad* has become the exception to the general rule, whereas under all the rules in force previously purchase *in India* was the exception though it had been progressively facilitated by the alterations in the stores purchase rules from time to time. One result of the new system was that stores previously purchased abroad for the Army by the Director-General of Stores, London were in future to be purchased through the agency of the Indian Stores Department, when such purchases had to be made in India under the terms of the new rules. During the year 1931-32 stores to the value of nearly half a crore which were previously purchased

\*The total value of stores of all kinds purchased by Railways in India during 1930-31, the latest year for which the Administration Report has been issued, was about Rs. 18 crores of which about Rs. 10 crores represented the value of general stores (including locomotives, rolling stock, rails and permanent-way materials) which could be handled by the Indian Stores Department. Similar figures for the Army are not readily available.

abroad were purchased in India by rupee tender. We were informed that numerous contracts were placed in India direct with manufacturers and suppliers abroad and that no difficulties were experienced in negotiating these contracts or in their satisfactory execution.

**Some reasons for the non-utilization of the Indian Stores Department.**

25. We have carefully examined the various memoranda received from commercial bodies and individual firms and witnesses, official and non-official and have in certain cases pursued the matter in oral examination with them. It may be useful to the public at large and to the Indian Stores Department if we stated in broad terms what the alleged difficulties are which prevent the full utilization of the department by indenting authorities.

26. *Delay in supply.*—We heard complaints that the delay in making supplies through the Indian Stores Department was prohibitive. Such complaints are not peculiar to the Indian Stores Department. Mr. Ryan who was for some time Director General of the London Stores Department informed us that such complaints were also made against the London Stores Department but that on examination he had found that the majority of the complaints had been based on complete ignorance of commercial practice and was also due to misconception on the part of indenting officers of what could reasonably be expected of any stores purchasing organisation. It may be admitted that the officers of the consuming departments can in many cases obtain their supplies more quickly by going direct to a supplier in their locality but there is no shadow of doubt in our minds that in the long run the taxpayer will have to pay dearly for this so-called facility. The Indian Stores Department endeavours to purchase the articles demanded after calling for tenders in a way which ensures the widest competition. This naturally makes for some delay as time has to be given for advertisements to appear in the press, for tendering firms to obtain the necessary documents, prepare and submit their tenders, etc., but we are convinced that the interests of the taxpayer are best served by the adoption of this procedure. We were assured by the Chief Controller of Stores that complaints of delay received by his department were in all cases carefully examined and that steps were taken to prevent any avoidable delays. Such delays occurred in some cases owing to incorrect and insufficient details being furnished by indenting authorities. The majority of the complaints in India, as in London, were found to be directed towards the unavoidable delay due to the time taken to handle demands in a business like way and also the time taken for the best organised suppliers to manufacture and deliver many of the articles demanded.

27. *A suggestion for obviating delays examined.*—It has been suggested to us that delays in supplies can be obviated by giving more powers to the Controllers of Purchase at provincial centres. We have discussed the question of giving larger powers to provincial Controllers of Purchase with the Chief Controller of Stores. The Indian Stores Department is a central purchasing department and the principle underlying its creation was the advantage of purchases being made by one central authority. Any large decentralisation to local purchasing officers is opposed to this principle. Delegation to local purchasing officers of powers to purchase stores of an appreciable value might in some cases involve more than one Branch of the Indian Stores Department



competing in the market for the same supplies, whereas one of the main arguments in favour of having a central purchasing department was that it would to some extent prevent Government Departments buying in competition with one another. It would also deprive the Department of the opportunities to combine or standardize the demands so dealt with. Further, it might definitely prevent a purchase being made in the most suitable market as the market intelligence available in the provincial offices is confined mainly to local sources of supply. The direct control of the Chief Controller of stores over the placing of contracts of substantial value so dealt with would be removed, the advice of the highest technical officers attached to the Headquarters office would not be available and the local officers would have to decide questions of policy such as (a) the degree of preference to be given to Indian manufactures, (b) whether to advertise or call for limited tenders, (c) whether to consider late tenders or (d) tenders from firms not on the Approved List, etc., etc.,—matters which are of considerable importance in regard to large orders though of trifling importance in those of small value. For these reasons we are definitely of the opinion that except in respect of certain classes of stores, for instance, jute, it will not be economical, even though it may occasionally be more expeditious, to entrust purchases of any importance to provincial Purchasing officers. In the case of special stores which can be dealt with by local Controllers of Purchase, we find that they have already been given larger powers than their normal powers of dealing with indents direct. For example, the Controller of Purchase, Calcutta Circle, is authorised to deal with the purchase of jute goods up to Rs. 50,000 and with the requirements of the Telegraph Department up to Rs. 15,000 in each case. The Controller of Purchase, Bombay Circle, is authorised to purchase cotton yarn for the Jail Department, Bombay, up to Rs. 25,000 and the Controller of Purchase, Karachi Circle to deal with indents for mild steel section for which orders have to be placed elsewhere than at Calcutta or Bombay up to Rs. 15,000, while all these officers are ordinarily permitted only to receive indents not exceeding Rs. 10,000 and including items not exceeding Rs. 5,000 in the case of Calcutta and Rs. 2,500 in the case of Bombay and Karachi.

28. *Cost of articles purchased through the Indian Stores Department.*—Another complaint received by us related to the cost of articles purchased through the Indian Stores Department. It was alleged that purchases through the Indian Stores Department were not always cheaper than direct purchases by the consuming departments. It was further pointed out by one witness that consuming departments were able to obtain lower quotations from tenderers to the Indian Stores Department whose tenders had not been accepted, if the departments went to these tenderers direct instead of obtaining their supplies through the Indian Stores Department and that the loss to the taxpayer involved in insistence on purchases through the Indian Stores Department was unjustified. We may deal with the latter point first. We admit that after the tendered prices of the Indian Stores Department have been disclosed, it is open to any other purchasing department to bargain with the successful or unsuccessful tenderers and obtain from them lower prices than those tendered to the Indian Stores Department. In fact, we have information that this practice has been followed in certain cases. If this practice, which we deprecate very strongly,

is accepted as unobjectionable, it is only a question of time before the tenders (especially those against rate or running contracts) submitted to the Indian Stores Department will become of no value and the system of bulk buying will go by the board. What will happen then when no Indian Stores Department tender prices are available? The price controlling influence of the Indian Stores Department tender will be removed. Purchasing authorities outside the Indian Stores Department will have no price information based on competitive tenders to use to bargain with their own tenderers; the prices quoted to them will be hardened against them and the temporary advantage they pride themselves on obtaining by the adoption of the method of using the Indian Stores Department prices to force lower prices out of the tendering firms will be found to have been a very expensive and unwise one from the point of view of the State.

29. Now coming back to the general question whether purchases through the Indian Stores Department are economic, it is somewhat difficult to give a general answer to this question without specific instances, but we fear many comparisons between the prices paid direct by departments and those paid by the Indian Stores Department are not made on a strictly accurate basis. In many cases, the prices in the Indian Stores Department's rate contracts which include certain services, such as holding minimum stocks, holding prices good for a number of points of delivery, etc., are compared with prices tendered for a single supply of a definite quantity at one point of delivery. Then again, in many cases, these departments purchase articles conforming to an entirely different specification from those purchased by the Indian Stores Department. Obviously, there can be no strict comparison unless both buying authorities are in the market at the *same* time for the *same* number of articles or quantity of material, conforming to the *same* specification and conditions of contract as regards contractors' liabilities, time and place of delivery, etc. Again, in many cases, the rigid inspection necessary to give an assurance of quality is a factor which has to be taken into consideration. In many cases inspection by authorities purchasing direct is in no way comparable with the inspection and tests applied by the Indian Stores Department. If the Indian Stores Department was prepared to lower the standard of quality, lower prices could be obtained, but by this there would be a great risk of serious loss of efficiency. Finally, we think that the system followed by the Indian Stores Department in publishing weekly the prices at which each purchase has been made reacts against the Department in some respects. These prices are available to all purchasing departments and instances have been brought to our notice where certain purchasing officers have used the Indian Stores Department's prices merely as a means to put pressure on their own contractors to lower down prices quoted by them.

30. Our general view on this question is that notwithstanding the fact that some instances may be forthcoming where lower prices are obtained direct (by fair means or otherwise) by purchasing departments, many examples can be given to show that but for the existence of a central purchasing Department these prices would not have been obtained and that in the vast majority of cases the prices quoted to the Indian Stores Department are on a keenly competitive basis. We think that great significance should be attached, in considering the question whether the Indian Stores Department does really

enable purchases to be made economically, to the fact that many perfectly independent consumers of stores, such as, Provincial Governments, Indian States, Company-managed Railways and municipalities have been satisfied that it is to their advantage to make use of the Indian Stores Department.

31. We have received complaints from many firms and dealers that the system of purchases through the Indian Stores Department has reacted unfavourably on their business and that they would prefer to deal direct with consuming departments. It is not unreasonable to believe that dealers look at such matters from a pecuniary point of view and that their principal point of view is that they do not make as much profit from dealing with the Indian Stores Department as they would otherwise make. We consider this to be an argument in favour of the efficiency of the Indian Stores Department.

32. *Rate and running contracts.*—It has also been argued by a few witnesses that from a theoretical standpoint, the system of rate contracts under which the supplier is required to supply an indefinite quantity of goods over a fixed period at a fixed rate should lead to suppliers quoting higher prices than they would if the quantity of goods to be supplied were fixed within reasonable limits. We examined the Chief Controller on the question of contracts. We found that the Indian Stores Department enters into various classes of contracts :—

First, a *definite contract* for the supply of a fixed number of articles or quantity of materials by a definite date.

Second, a *rate contract* which provides for the supply over a definite period at one or more places in India of certain classes of articles or materials at a flat rate or range of rates for various places in India. In certain classes of stores provision is also made in these contracts whereby the contractor is under obligation to maintain certain minimum stocks at various centres convenient to the sellers and users. In other words, one of the objects of the rate contracts is to ensure that supplies will be readily available when required by using Departments and so avoid the State locking up large sums in reserve stocks. This is a great advantage as using Departments can reduce their stock balances to a minimum. In view of the advantages obtained from the rate contracts, we consider that any small additional price which may be quoted for supplies under this system of contract is fully justified by the savings in other directions and service obtained.

Third, a *running contract* under which definite quantities are stated but the purchaser reserves the right to purchase only up to 75 per cent. of the quantity specified or on the other hand to call upon the contractor to supply up to 25 per cent. above the quantity specified.

We are satisfied that the Department's system of contracts has been designed to meet various possible conditions. The type of contract entered into is determined by the class of stores to be purchased and the requirements

M215FinD

and interests of the using Departments. The main difficulty in adopting the running contract system for all purchases other than specific demands is the difficulty which using Departments have in forecasting their actual requirements even approximately to ensure that there will not be a heavy liability (and probably heavy expenditure to Government) owing to the actual demands against the running contract falling short of the minimum quantity or number specified.

33. *Standard specifications and increased cost.*—It has been suggested by some witnesses that standard specifications are framed by the Indian Stores Department in order to facilitate their purchases but that such specifications tend to establish monopolies and to increase the cost of articles purchased. We have gone carefully into the work done by the Indian Stores Department in regard to specifications. The specifications framed by the Department are subject to constant revision. Many have been revised several times since the time they were framed. The specifications of the Department, particularly those relating to technical plant and equipment, have been framed in such a way that full advantage can be taken of new inventions and developments. We reproduce below a clause in one of their standard specifications for the supply of plant and machinery.

“*Deviation from the specification.*—Should a tenderer desire to depart in any respect from the provisions of this specification, either on account of manufacturing practice or for any other reason, he must specifically bring the matter to notice in his tender in the form of a covering letter explaining in detail each and every departure he proposes to make from the specification. Manufacturer's standard specifications for the plant or component parts of the plant may be submitted, but all discrepancies must be clearly drawn attention to, both in the covering letter referred to above and in the schedule and appendices which have to be filled in by the tenderer. The intention is to adopt manufacturer's standard equipment as far as possible but these standards must in all respects, comply with the conditions of this specification as regards safety from break-down, output, capacity, performance, etc., and must pass the tests specified.”

It will be seen from the above that full liberty is given to tenderers to deviate from the specification in order that they may put forward their standard manufactures, thus enabling the Indian Stores Department to take full advantage (if economical to do so) of any recent development which may have taken place in any particular line of manufacture. We may in this connection justly commend the vigilance exercised by the Indian Stores Department in scrutinizing the existing specifications for stores purchased for public services in India so as to ensure that no features are permitted to remain in such specifications which tend to take the supplies out of the hands of manufacturers in India.

34. *Alleged lowering of standard.*—It has been urged by a few witnesses that the publicity given to quoted prices results in absurd competition and progressive lowering of standard. We are aware that in many commercial quarters views are held that the publicity given to quoted prices results in harmful competi-

tion and lowering of standard of prices. There is certainly some force in these views but we are definitely of the opinion that the publicity given to the transactions of the Department has many advantages in other directions which should not lightly be given up. We understand that representations against the system were received some time ago from certain commercial interests and that the question was referred to all the Chambers of Commerce and commercial bodies and that although, as usual, conflicting views were expressed, the weight of the opinion was in favour of the continuance of the present system. We were informed by the Chief Controller of Stores that the result of the reference to the commercial bodies was reported to the Government of India and that it was decided that no change should be made. We may add that the question was also debated at a meeting of the Associated Chambers of Commerce and the voting on the resolution clearly showed that there was a very strong and influential section of the commercial community in favour of the continuance of the present system. It may be mentioned in this connection that the Army Retrenchment Sub-Committee after examining the Director of Army Contracts and the Chief Controller of Stores, Indian Stores Department together came to the conclusion that the present methods followed by the Army Department of keeping tenders and accepted prices secret should be abandoned in favour of the more open methods adopted by the Indian Stores Department. We quote below the relevant recommendations of the Army Retrenchment Sub-committee:—

- (i) all contracts of Rs. 10,000 and above should be by open tender ;
- (ii) all calls for tenders over Rs. 10,000 should be published in suitable vernacular as well as in English papers ;
- (iii) lists of approved contractors should be published ; and
- (iv) lists of accepted tenders in case of local purchase should also be published.

35. *Considerations of freight to consuming departments.*—It has been stated by one Railway administration and by the Army Department that in placing combined orders it is not possible to take into exclusive consideration freight charges to each consuming department. For example, it has been suggested that while certain goods may be ordered by the Indian Stores Department from Calcutta, it may be more economical to a consumer at Lahore to order locally even at a somewhat higher price if the increase in price is less than the freight charges from Calcutta. We have carefully examined this question in consultation with the Chief Controller of Stores. When dealing with tenders and settling contractors, we were assured that the Indian Stores Department always take into consideration the freight charges to the destination of the supplies. In the case of some of their rate contracts it may, however, happen that a flat rate contract, i.e., a contract in which common rates are accepted for supplies to any part of India is more economical to the State as a whole although the rate to individual consumers in a particular area may be less favourable than those obtainable if a specific purchase was made for them. We were told that one or two instances had been brought to the notice of the Indian Stores Department where stores for a particular Railway administration were ordered from suppliers at some distance from the consumers' destination involving some inconvenience owing to the time taken in Railway

transit. We were informed that steps had been taken to avoid this in future. We examined in this connection a copy of a typical Rate Contract for soft soap and bar soap, which are articles in common demand by various using Departments. We found that the contract had been divided between three contractors and that different areas had been allotted to each contractor. This procedure had been adopted with a view to removing any cause for complaint about delay in transit and higher Railway charges from any supplier in any particular area. Incidentally, the procedure is in our opinion an effective safeguard against giving any firm the monopoly of supply.

36. *Procedure in dealing with tenders.*—Some vague dissatisfaction has been expressed by some witnesses regarding the procedure followed by the Indian Stores Department in dealing with tenders. We have endeavoured to make ourselves fully familiar with the methods and practices of the department and it may help to dispel popular ignorance if we described them. To a large extent the system in force in the Indian Stores Department in dealing with many of the tenders received is in essentials the same as in any well organised State purchasing organisation. Tenders amounting to Rs. 5,000 or over in value are opened in public in the presence of representatives of tendering firms who may attend for the purpose. The tendered rates of all tenderers are read out by the purchasing officer dealing with the case and the tenders are initialled by him. After the tenders have been opened an abstract of prices, if one is considered to be essential for the proper disposal of the case, and in the case of technical plant and machinery a statement of technical details are prepared by the Branch concerned. These abstracts, together with all tenders, are submitted to the purchasing Branch officer who scrutinizes each tender in detail. The opinion and advice of the Inspection Branch is sought in all cases in which technical questions are involved. Cases which present any unusual features or are in any way abnormal, although the value may be small, are referred to the senior purchase officer and the Chief Controller before a final decision is arrived at. Whenever the Indenting Departments so desire, tenders are submitted to them with the Department's explanatory notes and recommendations before the final decision to accept any particular tender is made. In certain cases, relating to Railway supplies, the Railway Board is consulted before tenders are decided. It will be observed from what we have stated that in regard to all important tenders every endeavour is made to ensure that no point is overlooked.

37. *Tender Committee.*—There is, however, one feature in the existing procedure which has been somewhat strongly criticized by several witnesses, namely, that in a large number of cases the decision in regard to the placing of contracts is that of a single authority competent to effect the purchase. It has been stated before us that this practice is at variance with that followed by some of the most important manufacturing houses in the United States and elsewhere and by the Federal Purchasing Board of the United States, who submit the tenders received in response to an invitation for the decision of a Committee composed of the heads of all the consuming departments and a representative of the Finance Department. We were informed that on the East Indian Railway, for example, there is a tender committee consisting of 3 members, viz., the Senior Deputy Agent, the Controller of Stores and a senior officer of the Accounts Department. One key of the Tender Box is kept by the

Senior Deputy Agent and the other by the Accounts Officer. The tenders are taken out of the box and opened in the presence of all the members of the Committee and the most suitable tender is accepted. If the tenders in any particular case relate to the purchase of any mechanical stores such as machinery, etc., a representative of the mechanical department is deputed to assist the Tender Committee in the examination of the tenders and the selection of the most suitable one. If this is likely to take some time, the Committee meets again after the examination is completed and accepts the most suitable tender. We were told that no practical difficulty is experienced in following the above procedure.

38. We have had valuable discussions on the subject with the Chief Controller of Stores, Indian Stores Department, who has had experience of the working of Tender Boards and committees in other countries. He assured us that the system in force in the Indian Stores Department is in many respects much in advance of any method of dealing with tenders by means of a committee. He has no objection to the principle underlying the Tender Board proposal but his chief objection is based on the delay which will arise in disposing of the business of the Department and also the additional responsibility for efficient operation of the Department which may fall on the Head of the Department. To illustrate the difficulties in regard to the first part, he furnished us with a list of tenders due from the 16th September 1931 to the 28th October 1931 in one Branch of the Department, namely, the Branch dealing with Engineering plant and equipment; this list is reproduced below :—

*Engineering Branch Tenders.*

File No.	Article.	Date of opening.
12582	Electric roof fittings for N. W. Railway .. ..	16th September 1931.
12601/3	Insulators for Controller, Telegraph Stores .. ..	Do.
12601/4	Copper wire .. ..	17th September 1931.
12367	Alkaline Batteries .. ..	18th September 1931.
8617	Trolleys, motor .. ..	18th September 1931.
12637	Positive plates .. ..	20th September 1931.
12594	Multi-stage Turbine pump .. ..	22nd September 1931.
12581	Kent Coupler or similar .. ..	25th September 1931.
12624	Transformers for E. I. Railway .. ..	29th September 1931.
12638	Switchboard for M. E. S. .. ..	30th September 1931.
12521	Electrical equipment for M. E. S. .. ..	2nd October 1931.
12568	Railway Carriage fans .. ..	Do.
12632	Travelling Crane for M. E. S. .. ..	7th October 1931.
12652	Road Rollers for M. E. S. .. ..	8th October 1931.
12631	Transformers and Motor for E. I. Railway .. ..	13th October 1931.
12397	Wagon landing stage for Burma Railways .. ..	14th October 1931.
12614	Wagon ferry flat for Burma Railways .. ..	20th October 1931.
12355	Electrification of Koweit Agency Bushire .. ..	28th October 1931.

He observed that tenders were due almost every day from the 16th September to the 28th October. He added that this would mean that the Tender Board

would with breaks of only a day or two have to be in continuous session throughout the period. The settlement of many of the tenders in his opinion was not a matter of hours as some tenders took up several days in the careful examination of technical and other considerations. He said that he could not at the moment clearly visualise how the tender committee would be able to discharge its obligations to the head of the Department, particularly in handling technical stores, nor could he see how the head of the Department would be able to hold any individual officer personally responsible for any serious delay in supply or defective supply, if the matter had been decided by the tender committee. The only way that the Chief Controller could satisfactorily discharge his obligations to indenting Departments would in his opinion be by nominating himself a member of every Tender Committee. This, he feared, was practically impossible. He considered that a Tender Board would function satisfactorily if its duties were confined to dealing with large demands which could be made the subject of annual tenders. If notwithstanding what he had stated we felt that important tenders should be dealt with by a committee he suggested that, to begin with, the committee should only deal with tenders of substantial value, say Rs. 50,000 and over.

39. We admit that there is considerable force in the observations of the Chief Controller. We cannot make any recommendation which will have the effect of taking away the final responsibility from off the shoulders of the Chief Controller. We are satisfied that in the large majority of cases, the decision regarding the placing of contracts is arrived at by the Purchasing officer only after consulting either the Inspection branch or the Indenting officer or in doubtful or unusual cases the next higher authority on the purchasing side. In the few remaining cases where the decision is that solely of the single Purchasing officer, we understand that the lowest tender is ordinarily accepted or if there are any special reasons for accepting any tender other than the lowest, the reasons have to be recorded by the deciding authority and are available for scrutiny by the head of the department and by audit. We were, however, told that the audit officer used to conduct his examination of the purchase files months after the completion of the purchase transactions, and that this *post mortem* examination was generally barren of any fruitful result, the audit officer's criticisms on utterly dead files being valueless as rules of guidance owing to constantly varying conditions of purchase. We agree with this criticism which has also been appreciated by the Department. On the introduction of rupee tender rules orders were issued that purchase sections of the Department should send unofficially to the audit officer all files relating to important purchases (*i.e.*, those exceeding Rs. 25,000 in value) as soon as the purchase order is placed. As an additional precaution we recommend that in cases where the purchasing officer decides the question of acceptance of tenders on his own responsibility without consulting either the Inspection Branch or the indenting department, he should refer the matter to the next higher authority on the purchasing side except when the lowest tender is accepted. We further recommend that in cases of exceptional or large tenders involving considerable expenditure of public money arrangements should invariably be made for obtaining the advice of the indenting departments and if possible of the Finance Department of the Government of India.



40. *Headquarters of the Indian Stores Department.*—It has been suggested to us that the location of the headquarters of the Indian Stores Department at Simla and Delhi causes inconvenience to suppliers whose representatives have to undertake a costly and arduous journey to go there. We do not consider that there is any substantial foundation for this criticism. The headquarters of the Department has to be somewhere. If it is located at Calcutta, the firms in Karachi and Bombay will have a grievance. Similarly, if it is located in Bombay, the commercial people at Calcutta will have a like grievance. This difficult question was fully considered by the Government of India when the Department was constituted and after prolonged consideration it was decided that the balance of advantage lay in locating the Department at a *neutral* place, like Delhi or Simla.

41. *A general argument against centralised purchases examined.*—Some of the departments which have not yet completely handed over their stores purchase work to the Indian Stores Department have suggested that in a scheme of centralized purchases, small traders tend to be excluded, though it may be possible to obtain more economically from the small trader for individual small requirements. It has therefore been argued by them that in order to reduce the expenditure on the total of the Government requirements to a minimum, it is necessary to have more than one large buyer in the market. The Railway Retrenchment Sub-Committee has, in this connection, uttered a note of warning against "the risk of the system of bulk and centralised purchase resulting in giving an advantage to the foreign manufacturer who has the benefits of mass production and can usually quote better terms than the indigenous manufacturer who usually manufactures on a small scale, and in preventing new firms from getting a footing in the market, thus leading to the formation of a combine".

42. In the first place we may observe that the Indian Stores Department has, on its list of approved suppliers, traders, large and small. The small traders when they are able to quote the lowest satisfactory prices, obtain their share of the orders placed by the Department. Our attention was drawn to the figures given in Appendix VII of the latest administration Report issued by the Indian Stores Department which show that the system of purchase followed ensures that contracts are widely distributed throughout the country. We are unable to accept the contention that it is necessary to have more than one large buyer in the market in order to secure for the State the minimum expenditure in the purchase of its requirements. We are convinced that the bulking of demands which enables substantial orders to be placed with the lowest satisfactory tenderers (but not necessarily one tenderer only) is the only method which gives a reasonable assurance of obtaining the requirements of the State at all round economical prices. It is by the bulking of demands that substantial orders for manufactures can be placed which would enable manufacturers to lay out a definite programme of manufacture in their factories and thus reduce their manufacturing costs to the lowest possible limit.

43. In the second place no specific complaints of undue preference to foreign manufacturers have been brought to our notice. We may explain that the Indian Stores Department is not empowered to discriminate in favour of firms of any particular nationality and that no preference in making purchases is shown to Indian or European firms. Preference in making purchases is on the

other hand given on the basis of the country of manufacture, that is to say, articles wholly or partly manufactured in India are given preference over articles which are imported from abroad. For instance, if two manufacturing concerns, one Indian owned and the other owned by non-Indian interests, both established in India and engaged in manufacture of paints and varnishes submitted tenders for paints wholly produced in India, the order would be placed with the firm who submitted the lowest satisfactory tender. On the other hand, if one of the firms submitted a tender for paints some of the ingredients of which were of foreign origin, the rules require a measure of preference to be shown to the tender of the other firm if all the materials were of Indian origin, consistently with efficiency and economy.

44. *Price preference of goods wholly or partly manufactured in India.*—It may be useful if in this connection we explained somewhat fully the system of price preference to Indian manufacturers in force at present. We invite the attention of the public to the preamble to the Rules for the Supply of Articles required to be purchased for the public service. It will be observed that Departments of the Government of India or officers specially authorised in this behalf may, when they are satisfied that such a measure is justified, allow a limited degree of preference in respect of price to articles produced or manufactured in India either wholly or in part. A proposal was submitted to Government by an officiating Chief Controller of Stores that the Head of the Stores Department should be authorised to grant definite degrees of price preference. As each case must be considered on its own merits, it was decided that no fixed percentage of price preference would meet the circumstances of all cases.

Although the degree of price preference that may be allowed to Indian products has not been specifically provided for in the rules and although the power in this regard has been retained entirely in the hands of the Government of India, the Government of India in the Department of Industries and Labour have, we understand, issued instructions for the guidance of officers in which they have defined in broad lines the reasons which would justify the grant of price preference. It may perhaps be considered a flaw in the present system of price preference that no powers have been delegated to purchasing officers to give any preference to Indian products. So long as the Indian Stores Department is an agency department purchasing on behalf of other departments, and so long as the responsibility for providing the funds to finance purchases is laid on these latter departments, we think it is essential that before the Indian Stores Department grants price preference in any particular case, the concurrence of the indenting department to the additional expenditure should be obtained. Under the existing rules this concurrence has to be given by the Government of India in the administrative department and, we understand, that in order to co-ordinate action to be taken in this matter by the different departments of the Central Government it has been decided that the administrative departments should, before passing final orders in regard to price preference, consult the Government of India in the Department of Industries and Labour. We do not therefore find fault with the existing system; but we wish to suggest to the Government of India in the Department of Industries and Labour that it should consider whether with a view to implementing the policy of the Government of India in the matter of encouraging the development of the

industries of the country to the utmost possible extent consistent with economy and efficiency some periodical report should not be called for from the purchasing offices and departments regarding the action taken by them during the year in the matter of giving price preference.

It may be relevant to mention here that we examined the representatives of the Railway Board on the question whether as a body working on commercial principles they looked only at the financial aspect of a purchase or gave any consideration to the question of development of Indian industries by giving price preference in accordance with the conditions laid down by the Government of India. We were informed that the Railway Board followed exactly the same rules as the other departments, that their policy was definitely to encourage Indian industries and that for this purpose they always considered whether price preference should be given to articles of indigenous manufacture. The Chief Controller of Stores informed us that in his experience he found that the Railway Board were just as anxious as any other department of Government for the development of Indian industries and that he had no difficulty in obtaining their consent to giving preference to articles of Indian manufacture whenever he considered it justifiable to recommend a price preference.

**45. Delay in payment of bills of suppliers.**—Several witnesses suggested to us that under the scheme of purchases through the Indian Stores Department, payments of dues to suppliers, which is an important factor in the encouragement of Indian industries and manufactures, is not made as quickly as under the old system of direct purchase by the consuming departments from suppliers. We have carefully investigated the suggestion in consultation with the Chief Controller and we explain below the present procedure followed in regard to payments. The system of payments adopted by the Indian Stores Department is unique and places the suppliers to the Indian Stores Department in a distinctly more favourable position than suppliers to many other Government departments. Payments for supplies to Government are generally made after receipt, verification and inspection of stores by the consignee at the station of destination. Not only so, but in many cases security deposits are demanded from suppliers for due fulfilment of contract. Large sums of money are thus locked up until the contracts are completed. Except in very special cases, no security deposits are demanded by the Indian Stores Department from the contractors with whom orders are placed. A substantial portion of the cost of stores, generally 90%, is in most cases paid on proof of despatch of stores from a station in India after inspection. The supplier is thus ensured of payment of the bulk of his dues in many cases even before the stores are received at destination. Complaints regarding delays in payments almost invariably relate to the final bills which are paid after verification by consignees. Such complaints are on receipt examined by the Indian Stores Department without delay and all possible steps are taken to settle outstanding claims. Circular letters have on more than one occasion been issued by the Department to all authorities utilising its services, bringing to their notice the desirability of expediting the transmission of bills for supplies arranged by the Department, to the Audit Officer, Indian Stores Department, for audit and payment. At the request of the Indian Stores Department instructions on these lines have also been issued on the subject by the Government of India to various local Governments, Administrations and central Departments.

Standing instructions have been included in the bill forms in use in the Indian Stores Department requiring the suppliers to report all cases of delay of more than three months in respect of payments of their bills and the officers of the Department receiving such complaints are required to investigate them immediately. In addition to the measures explained above, we understand that a docket form has been recently introduced to accompany all bills, on which the Inspectorate and consignees, through whom the bills pass, are required to note the date of receipt and disposal thereof, together with reasons for delay, if a bill is not promptly dealt with. It has been arranged that the Audit Officer, Indian Stores Department, will forward the dockets indicating serious delays to the Indian Stores Department at headquarters for investigation.

46. *Departmental charges, the chief obstacle.*—We have dealt in the preceding paragraphs with most of the obstacles which have been brought to our notice as standing in the way of more extensive utilisation of the Indian Stores Department. It will be seen from what we have stated above that we do not consider that any of the considerations put forward can seriously stand in the way of departments of the Central Government utilising the services of the Indian Stores Department. The real reason for the reluctance of several large consuming departments to entrust all their purchasing business to the Indian Stores Department seems to lie in the levy of the departmental charge by the Indian Stores Department. For example, the Railway Department has to maintain a large staff for the receipt and distribution of stores and for their watch and ward. It is argued that the addition of stores purchase to the other business of the existing stores organisations of Railways would cost the railways much less than the departmental charge of one per cent. now levied for purchase and one per cent. for inspection. Similarly we were informed by the representatives of the Army Department that the volume of business given by that department to the Indian Stores Department would be increased if departmental charges were abolished.

#### Our conclusions.

47. Having examined very carefully the evidence both written and oral placed before us by the important Chambers of Commerce, many commercial firms and several individual witnesses and having discussed the various aspects of the question with representatives of the two large consuming departments of the Government of India, we have come to the unanimous conclusion that it is in the interests of the general taxpayer that the purchase and inspection of stores for the public service in India, except stores of a specialised nature, should be carried out by a central Stores Department which is expressly and properly organised for the purpose, which is known and represented in all the chief business centres, which will purchase stores where possible by straightforward competitive tenders, which will operate on a large scale in the full limelight of publicity and which, exposed to constant criticism both from the consumers on the one hand and the suppliers on the other, will ensure reasonable price and suitable quality to consuming departments. It is now nearly ten years since the department was established and during this period it has been following a policy of peaceful penetration and trying to increase custom by winning the confidence of other departments. The results of our enquiry

have shown beyond a shadow of doubt that broadly speaking the department has established its reputation for economical purchase and expert inspection. We think it is rather unfair to the department that it should continue in a state of perpetual trial and we think that the time has now come for Government to issue definite orders that all stores, other than stores of a specially technical nature, required by any department of the Government of India should in future be purchased through the Indian Stores Department. This is subject to our recommendation in the interim report of the 11th September 1931 that small orders under Rs. 250 should not be sent to the Indian Stores Department except in the following cases :—

- (a) Articles for which the Indian Stores Department have rate or running contracts ;
- (b) Articles of a special or unusual character which indenting officers find difficulty in purchasing themselves ; and
- (c) Articles required by indenting officers situated in localities where there are no facilities for purchasing.

48. In connection with the complete centralisation of the purchase of stores for public departments of the Central Government, it has been suggested to us that a Stores Committee should be established consisting of the Secretary in the Department of Industries and Labour, the Chief Controller of Stores, a Member of the Railway Board, the Quarter Master General and one member each from the Central Legislature. In our opinion the Government of India will find the assistance of such a committee, including representatives of their two big consuming departments, to be of very great value in facilitating the successful inauguration of the new policy which we have recommended. We therefore strongly support the suggestion for the appointment of the advisory committee on the lines indicated and desire further to add that this committee should be presided over by the Member in charge of the Department of Industries and Labour as we attach considerable importance to the Member keeping himself in close and continuous touch with the working of the Indian Stores Department. The functions of the Committee will be to advise the Government of India on all important matters affecting stores purchase and to review from time to time how far the policy of Government in regard to stores purchase and the recommendations of the various committees appointed by them are being given effect to. We consider too that this committee should be constituted as early as possible and should meet as often as may be necessary.

49. With a view to make it easy for departments of the Government of India to fall in with our proposals for compulsory purchase through the Indian Stores Department, we recommend that the levy of departmental charges by the Indian Stores Department from departments of the Central Government should be abolished. This recommendation is only a reiteration of an identical recommendation made in 1920 by the Stores Purchase Committee in paragraph 96 of its report. In our opinion the cost of the Stores Department should be a general charge on public funds in the case of all Central Government purchases. Our reasons for recommending the abolition of the departmental charge are :—

- (1) The Government of India have already accepted the principle of lowering the departmental charge in order to increase business by agreeing to the introduction of a sliding scale of charges in respect of purchases by Railways.

(2) Even at present, departmental charges are not levied on non-commercial civil departments of the Central Government which are entitled to the services of the Indian Stores Department without charge.

(3) The London Stores Department does not levy any departmental charges in respect of purchases for the Army Department, one of the two big consuming departments in India whose custom the Indian Stores Department has been soliciting for a long time. We cannot appreciate the reasons for this difference in the treatment and we wish to point out that this, in effect, only stultifies the stores policy of the Government of India.

(4) The idea that the Indian Stores Department should be self-supporting and that the Government should satisfy themselves that this condition is fulfilled by comparing the expenditure of the department with the receipts from the departmental charges levied including *pro forma* receipts from departments which are not subject to the payment of the charge is in our opinion misconceived. In the first place it has been pointed out by an important Indian Chamber of Commerce that no business concern would be satisfied with so low rate of remuneration as one per cent. on the value of stores purchased or inspected. We observe from the last Administration Report of the London Stores Department that the rate of commission charged by that Department has been recently raised. The present scale of departmental charges in India are not based on any scientific principle and in fact we understand that a very laborious method of calculation of departmental charges recommended by a firm of chartered accountants was deliberately abandoned as it was considered that it would involve additional expenditure to Government on the maintenance of proper accounts. If the present flat rate of 2 per cent. were raised to 3 per cent. ( $1\frac{1}{2}\%$  for purchase and  $1\frac{1}{2}\%$  for inspection) the loss in the working of the department during the year 1931-32 would have been reduced by Rs. 6 lakhs. In the second place the profit and loss statement which is now annually prepared in order to show the financial position of the Indian Stores Department gives to our mind an incomplete picture of the financial results of that department. As pointed out by the Chief Commissioner of Railways in his evidence before us a correct picture of the financial position can only be obtained if on the receipt side of the account credit is taken for the large saving in the expenditure budget of consuming departments on the cost of stores purchased through the Indian Stores Department. We are convinced that if this is done, the department far from showing a loss will show a profit. We should go further and say that an account drawn up in this form would still be incomplete as it is impossible to assess in rupees, annas, pies the value of the services rendered by the department in connection with the promotion and encouragement of Indian industries. In the third place we are of the opinion that the object of the *pro forma* profit and loss statement of the Indian Stores Department has been misunderstood by all concerned. We consider that its real object lies in its informing the Chief Controller of Stores, as General Manager of a huge stores purchase organisation, of the comparative results of the working of the organization from year to year and of the steps it is necessary for him to take in order to pull up any deterioration in the working results. It seems to us that for this purpose it is enough if a *pro forma* credit is taken in the annual account

as that would bring into the picture a comparison between the volume of work handled and the expenses incurred. We are glad to observe that the expenditure of the departments is being constantly reviewed by the Chief Controller and that necessary steps are taken to effect economies wherever possible. Since the recommendations for retrenchment were made last year he has replaced the post of Assistant Controller of Inspection at Karachi by an Inspector-in-Charge, securing in an average saving of about Rs. 4,000 per annum. We understand that he has also submitted to the Government of India proposals for the abolition of the post of Chemist at Jamshedpur and for a reduction in the rate of bicycle allowance granted to certain subordinates and clerks attached to the Metallurgical Inspectorate. These measures are expected to result in an average saving of Rs. 7,000 per annum. Mention should also be made of a further saving of Rs. 30,000 which is proposed to be effected by reducing the calls made on the Director-General, India Stores Department, London, for inspections in the country of origin. A post of Assistant Engineer has also been kept unfilled, giving a saving of about Rs. 10,000 per annum approximately.

We should like in this connection to express our indebtedness to the various Public Accounts Committees in the past whose careful examination of the annual profit and loss accounts of the Indian Stores Department has been responsible in no small degree for bringing to a head the important questions of the utility of the Indian Stores Department and the stores purchase policy of Government. Although their examination is conducted after the money has been expended it has none the less been of very great value; it has brought out the weaknesses in the present system and the remedies which have been suggested in consequence will result in incalculable benefits to the country in the future. We are of the opinion that the Public Accounts Committee should continue to examine the annual *pro forma* account of the receipts and expenditure of the Indian Stores Department and that it is in the interests of the taxpayer that the Committee should continue to scrutinise the propriety and usefulness of all classes of expenditure in the Indian Stores Department and act as a check of all wasteful expenditure in the department. We hope that this scrutiny by the Public Accounts Committee combined with the original and jealous scrutiny by the Standing Finance Committee of all proposals for new expenditure in the department will ensure that the department is run on sound and economic lines.

50. We wish to couple our important recommendation for the compulsory utilisation of the Indian Stores Department for the purchase of all general stores required for the public service with an equally important recommendation, that in order that the Indian Stores Department should fulfil successfully its role as the Chief purchasing and inspecting agency of Government it is absolutely essential that the Department should be equipped with a fully qualified and expert staff both on its purchase and inspection side, which will command full confidence of indenting authorities. Not only should the staff be experienced and competent but should continue to enjoy a reputation for honesty and integrity. The purchasing and inspecting branches are counter-parts of each other and the fairness, efficiency and experience of one branch lightens the work of the other besides considerably adding to the efficiency of the service to the indenting departments.

51. We should like to draw attention in this connection to a large number of qualified specialists employed in the department consisting of Metallurgists, Engineer Physicists, Chemists, Electrical Engineers, Mechanical Engineers, Structural Engineers, General Engineers, Wagon and Rolling Stock specialists, Textile specialists and Specialists in foundry work. We do not think any other department in the Central Government, except probably Railways as a whole, has in its personnel the same range of specialised training and experience. We commend to the Government of India for their serious consideration that it is a great loss to the taxpayer that a department so well organised and equipped should not be made use of to its full capacity.

52. The emphasis that we have laid on the selection of the best qualified experts for the department leads us to the consideration of the question of the methods of recruitment to the department. Both from the point of view of economy and of ensuring better touch with the Indian industries and manufactures it is necessary that the department should be staffed with Indians. The present position in regard to Indianisation is given in Appendix V in a note submitted by the Chief Controller of Stores. We are satisfied that the policy of Indianisation is being pursued by the Department. The Government of India have accepted the recommendation of the Stores Purchase Committee that whenever suitably qualified men are available in India to fill vacancies in the Stores Department priority should be given to Indians or statutory Indians. We recommend in this connection that whenever it is found necessary in future to recruit Europeans owing to the absence of qualified men in India, such Europeans should be recruited on special terms for a strictly limited period and it should be made clear to them at the time of their appointment that their employment in the Department will terminate on the conclusion of their agreement. Steps should be taken simultaneously to ensure that a qualified Indian will be available to take over the duties of the European Officer on the termination of the employment of the latter.

As regards the actual recruitment to the department, this is now being done through the Public Service Commission. Whenever there is a vacancy, it is notified to the Public Service Commission which proceeds to call for applications from persons possessing the necessary qualifications. As the appointments in the department are very technical, the Commission requisitions the services of a representative of the Indian Stores Department to sit as an assessor with them. We were informed that this system has on the whole worked well and that the recruits obtained through the Public Service Commission have been quite satisfactory.

This is perhaps the place for us to offer a suggestion that when the time comes for considering the question of a successor to the present Chief Controller of Stores—about whose ability, integrity and wholehearted effort to improve the department we have received testimony on all sides—the Government of India should make every effort to select an officer possessed of the same outstanding ability and experience and actuated by the same enthusiasm for the promotion and encouragement of Indian industries and manufactures.



### **Our recommendations on certain miscellaneous matters.**

53. Before we conclude we wish to make certain recommendations in regard to a number of miscellaneous matters.

(1) It has been suggested to us that there is a clause in the existing rate contracts which allows freedom to the Indian Stores Department to obtain competitive tenders for any order in excess of a specified amount and that this clause causes hardship to suppliers who, to meet this, quote higher prices. We have considered this suggestion very carefully and we have gone into the history of this stipulation in the contracts. This stipulation is not entirely in the interests of the Indian Stores Department but affords an equal benefit and protection to the suppliers. It gives to contractors, if conditions so warrant it, an opportunity to replenish stocks without damaging the interests of their general customers and thereby damaging their goodwill. The rate contracts are generally confined to articles in general demand and the requirements of the Stores Department against them are much below the requirements of the general consumer. It is, therefore, only reasonable that the Department should not call upon a supplier to deplete his stocks by placing an abnormally large demand to an extent which will prevent his meeting with reasonable promptitude the demands of his general customers. In certain cases the Department confers a similar right upon the contractors of refusing to supply if they so desire, demands of greater value than the specified amount, without the Department submitting the demand to open competition. As a general rule, the rate contracts have been designed to meet, what one may call, normal sized indents. If a very large demand for any particular class of articles or materials is received, keener prices may be obtained by submitting the demand to competition outside the rate contract and it is to allow this to be done that the stipulation has been included in the contracts. We were informed that a similar stipulation is made in the rate contracts of the War Office, London, the Secretary of State reserving to himself, thereby, the right of submitting to open competition orders valued more than a specified amount.

(2) It has been recommended to us by one Chamber of Commerce that the registration of firms by the Indian Stores Department should be entrusted to a non-official advisory committee. We foresee difficulties in the practical working of such a committee and also the possibility of additional expense. At present demands for registration are received almost daily. If every demand for a registration is to be dealt with by the advisory committee, that body will have to be almost continuously in session if delay and hardship to the applicants is to be avoided. We consider the present procedure is entirely suitable and makes for expeditious disposal of all applications. Under the existing system, firms desiring registration are given a form to complete. In this form full information of the firm's capacity to give service is stated. Also references to past service rendered to other Departments or purchasing authorities are given. On receipt of this form in the headquarters office the Indian Stores Department calls upon the local officer of the Department to inspect and report on the firm's works or premises. The Department also makes enquiries from the parties given as references as to how orders or contracts placed by them on the firms concerned have been handled. If reports received indicate that the firm is one deserving registration, their name is brought on to the Indian Stores

Department list forthwith. Aggrieved firms have the right to appeal to the Chief Controller as Head of the Department against a decision to refuse registration. If they are not satisfied with his decision, it is open to them to appeal to the Government of India. Any firm registered or unregistered can tender for any supplies for which tenders are invited by public advertisement. If the tender of an unregistered firm is *prima facie* satisfactory, a trial order would be placed with them after such enquiries as are considered necessary and if they satisfactorily carry out the obligations under their contract, they would automatically be brought on to the list of approved contractors. We do not therefore consider that an advisory committee would make the system any more perfect, but if there is a strong feeling on the part of commercial firms in favour of the proposal, we are assured that the Chief Controller will do everything possible to facilitate its working.

(3) One firm of contractors has made a suggestion that firms of standing should be allowed to compete for all the requirements of the Indian Stores Department whether the firms are stockists of those goods or not. The demands received in the Indian Stores Department are dealt with either

- (i) by advertising in the Press, or
- (ii) by issuing limited tenders, or
- (iii) by issuing a single tender.

All important demands, that is those amounting to Rs. 5,000 or above, are, as a rule, advertised, when time permits. All firms whether manufacturers, stockists, dealers or neither, and whether registered or not, are allowed to compete for the demands falling in this category. Limited tenders are issued to selected firms in the case of demands which are not advertised. The selection is, of necessity, confined to firms dealing in the particular class of stores required and known to the Department as reliable suppliers thereof. Single tenders are issued in rare cases to meet urgent or petty demands of a proprietary character. In the case of the two latter categories of tenders, it is necessary for obvious reasons to restrict enquiries to firms who are registered for the supply of stores in demand. It is not an essential condition of registration, however, that the firm must hold stocks, though firms holding stocks obviously get when demands are urgent a measure of preference, over those who do not, in the distribution of orders. In these circumstances we do not wish to make any special recommendation on the subject.

(4) One association has pointed out that the specifications for many of the goods required by the Indian Stores Department are such as discourage Indian made goods and has suggested that the specifications of all the goods should be thoroughly overhauled. We have referred in a previous paragraph to the important question of specifications. We are not aware that any of the specifications in use in the Indian Stores Department are such as discourage Indian made goods. We were assured that the specifications in use in the Department were constantly being examined, mainly with the object of facilitating the purchase of Indian made articles, and that if any firms or associations would bring to the notice of the Chief Controller of Stores any condition in any of the Department's specifications which they consider should be modified in the interest of Indian industry, the matter would receive careful con-

deration. We should add that the specifications in many cases have been framed in consultation with consuming Departments and represent the minimum standards of quality acceptable for the particular articles or materials to which they relate. Any alterations suggested in specifications have to be most carefully considered from all aspects, particularly from the point of view of safety of life, economy and assurance of satisfactory behaviour in service.

(5) When we discussed the question of retrenchment with the Chief Controller of Stores we impressed upon him that two costly appointments at headquarters in the Administration and Intelligence Branch, *viz.*, the Deputy Director of Administration and Intelligence and the Assistant Director of Administration and Intelligence were unnecessary. In view, however, of the fact that the cuts that we were suggesting would throw additional responsibility on the Chief Controller, we suggested to him that the appointment of Deputy Director should be done away with not immediately but when the present incumbent was due to retire and that thereafter there should be only one post of Secretary to the Chief Controller which should be filled by an officer of the Indian Audit and Accounts Service as his services would be very valuable to the Controller in regard to financial administration and in dealing with tenders. We have no objection to the Secretary being provided with an Assistant, if necessary, to deal with routine matters.

(6) The question whether the purchase of printing and stationery stores should be made through the Indian Stores Department was referred to us. These purchases are now made by the Stationery Office instead of through the Indian Stores Department and the continuance of the existing procedure has been proposed both by the Controller of Stationery and Printing and by the representative of the Government of India in the Department of Industries and Labour. The reason for this exception in the case of purchase of these stores is that the stationery and printing department is entrusted with the purchase of this class of stores on behalf of Government so that there is no particular advantage in simply sending the indents over to the Indian Stores Department to call for tenders. It is at present the policy of the Stationery Office to place orders with the Indian Stores Department for all general stores like lubricating and other oils and greases, petrol and kerosine oil, hardware, textiles, etc. We agree that it is not desirable to transfer to the Indian Stores Department the work connected with the purchase of Stationery and Printing stores which are of a specialised character and for dealing with which the Stationery and Printing Department is equipped with an organisation possessed of thorough knowledge of the particular subject.

(7) A suggestion was made to us that a beginning should be made in starting a regular exhibition of Indian manufactures and industries in India situated in a central place like Delhi and placed under the supervision of the Indian Stores Department. The importance of the exhibition of Indian manufactures has already been admitted by the Department which has arranged for display of the articles manufactured by most of the important concerns in India in a convenient space in the North Block of the Imperial Secretariat Buildings. We were informed that the utility of these exhibitions to manufacturers had been widely appreciated and that the collection had already assumed considerable size. We wish to recommend that this idea of organised display of India's

important manufactures should be fully developed and that in due course the Department should establish a central exhibition of Indian manufactures at a place in New Delhi which would be more accessible to people visiting Delhi than the Imperial Secretariat. The products of Indian industries should be exhibited with the names of firms and the respective prices and the institution should be placed in charge of an intelligent officer of the department able to give further information to people who visit the museum and ask for it.

(8) We examined the representatives of the Departments which had now their own large stores organization whether with the transfer of the work connected with the purchase of all general stores to the Indian Stores Department any reduction could be effected in the strength of their stores organization. We were informed that the work involved in the receipt, maintenance and distribution of stores would still continue and that this, coupled with the increase of work in other directions, for example, the working of the new stores purchase rules, etc., would not permit of any appreciable reduction of staff. While appreciating this point of view, we recommend that all Departments should be required to examine carefully their staff requirements after the full introduction of the system of compulsory purchases through the Indian Stores Department of all general stores and make whatever reduction is possible.

#### SUMMARY OF OUR RECOMMENDATIONS.

54. In our *interim* report of the 5th September 1931, we summarised the financial effect of the recommendations included therein in regard to the Stationery and Printing Department as follows :—

	In thousands of rupees.
(i) Savings proposed to be effected by the Controller himself ..	6.36
(ii) Stoppage of the move of Assistant Controller and his staff to Simla	6
(iii) Abolition of the post of Deputy Controller at Delhi .. ..	14
(iv) Substitution of the appointment of Deputy Controller of Forms at Dhurrumtolla by the appointment of a second grade Manager ..	8
(v) Savings assumed by the Controller in the purchase of tag labels	20 to 30
	<hr/>
	6.82 to 6.92
	<hr/>

We added that the figure of about 7 lakhs mentioned above did not include the possible savings in the amounts payable to contractors for printing Posts and Telegraphs forms on account of reduction of rates under the new contract nor the savings which would ultimately be affected by the adoption of our other recommendations, chiefly those regarding centralization of all printing work at New Delhi, improvement of the existing method of receiving and accepting tenders, etc.

55. In paragraph 6 of our *interim* report of the 11th September, we summarised the financial effect of the recommendations in regard to the Stores Department as follows:—

	Rs.	Rs.
1. Director of Purchase .. .. .	12 × 2,253 ..	=27,036
2. Assistant Director of Purchase (Engineering) ..	12 × 1,169 ..	=14,028
	(a) C. P. F. ..	=877
3. Assistant Director of Purchase (Textile) ..	12 × 1,169 ..	=14,028
	(a) C. P. F. ..	=877
4. Assistant Controller of Purchase, Karachi ..	12 × 876 ..	=10,512
	Allowances ..	525
5. Assistant Controller of Purchase, Bombay ..	12 × 876 ..	=10,512
	Allowances ..	2,550
	(a) C. P. F. ..	657
6. Reduction of staff on account of petty purchases (b) ..	..	1,10,000
7. Conversion of the appointment of Controller of Inspection into that of an Assistant Controller of Inspection ..	..	} 21,500
8. Conversion of Assistant Controller of Inspection, Lahore, into an Inspector with a charge allowance of Rs. 100 per mensem ..	..	
9. Reduction of charge allowance of Cawnpore Inspector from Rs. 150 to Rs. 100 ..	..	
10. Reduction in motor car and other allowances ..	..	
11. Permanent location of the office of the Chief Controller at Delhi immediately ..	..	40,000
<i>plus</i> ultimately (additional) ..	..	60,000
Total Rs. 2,53,102 to Rs. 3,13,102		

(a) Contributory Provident Fund.

(b) Includes a saving of Rs. 4,000 under contingencies.

56. Since we submitted our *interim* report, the Chief Controller of Stores has as a result of various discussions with us and of his own continuous review of the expenditure of the department been able to effect the following further economies:—

	Per annum. Rs.
(i) Savings in the Inspection Branch .. .. .	50,000
(ii) Other miscellaneous savings .. .. .	9,000
(iii) Replacement of the post of Assistant Controller of Inspection at Karachi by an Inspector-in-charge .. .. .	4,000
(iv) Proposed abolition of the post of Chemist at Jamshedpur and reduction in certain allowances .. .. .	7,000
(v) Holding in abeyance of various posts .. .. .	96,000
(vi) Reduction in the charges for inspection through the Director General of Stores, London as compared with the year 1929-30 ..	69,000
(vii) Abolition of the Consulting Engineer's branch .. .. .	30,000
Total ..	2,65,000

57. We now proceed to summarise our recommendations in this, our final report :—

- (1) The Alipore Test House should be regarded more or less as an institution similar to the National Physical Laboratory, London. The possibilities of economy in the expenditure of the Institution should be examined departmentally with particular reference to certain points indicated by us. Government should take steps, if and when a suitable opportunity occurs, to secure the services of an eminent Indian scientist as head of the institution.
- (2) The Metallurgical Inspectorate should be maintained on a self-supporting basis and the expenditure should be departmentally reviewed and proper steps taken in time to prevent the Inspectorate becoming a losing concern.
- (3) Government should issue definite orders that all stores other than stores of a specially technical nature required by any department of the Government of India should in future be purchased through the Indian Stores Department.
- (4) The departmental charges now levied by the Indian Stores Department should be abolished ; but a *pro forma* credit should be taken in the annual accounts of the department for fees for services rendered. This annual account should be utilised by the Chief Controller of Stores, as General Manager of the Stores Purchase Organisation, to compare the working results of the organisation from year to year and to take steps to pull up any deterioration disclosed. The accounts should continue to be presented to the Public Accounts Committee who should advise Government in regard to any improper or wasteful expenditure.
- (5) Small orders under Rs. 250 even in regard to general stores should not be sent to the Indian Stores Department except in certain cases specified by us.
- (6) All departments of the Government of India should be required to examine carefully their staff requirements after the full introduction of the system of compulsory purchases through the Indian Stores Department of all general stores.
- (7) An Advisory Committee presided over by the Member-in-charge of the Department of Industries and Labour and including as members, the Secretary in the Department of Industries and Labour, the Chief Controller of Stores, a Member of the Railway Board, the Quarter Master General and one member each from the Central Legislature should be established to advise the Government of India on all important matters affecting stores purchase and to review from time to time how far the policy of Government in regard to stores purchase and the recommendations of the various committees appointed by them are given

effect to. The Committee should be constituted as early as possible and meet as often as may be necessary.

- (8) The Government of India in the Department of Industries and Labour should consider whether with a view to implementing the policy of the Government of India in the matter of encouraging the development of the industries of the country to the utmost possible extent consistent with economy and efficiency some periodical report should not be called for from the purchasing offices and departments regarding the action taken by them during the year in the matter of giving price preference.
- (9) In cases where the purchasing officer of the Indian Stores Department decides the question of acceptance of tenders on his own responsibility without consulting either the Inspection Branch or the indenting department, he should refer the matter to the next higher authority on the purchasing side except when the lowest tender is accepted. In cases of exceptional or large tenders arrangements should be made for obtaining the advice of the indenting departments and if possible of the Finance Department of the Government of India.
- (10) Whenever it is found necessary in future to recruit Europeans owing to the absence of qualified men in India, such Europeans should be recruited for a strictly limited period and steps should be taken simultaneously to ensure that a qualified Indian would be available at the end of the period. When the time comes for considering the question of a successor to the present Chief Controller of Stores, the Government of India should make every effort to select an officer possessed of the same outstanding ability and experience and actuated by the same enthusiasm for the promotion and encouragement of Indian industries and manufactures.
- (11) The appointment of Deputy Director, Administration and Intelligence, should be done away with when the present incumbent is due to retire and thereafter there should be only one post of Secretary to the Chief Controller which should be filled by an officer of the Indian Audit and Accounts Service. The Secretary may be provided with an Assistant, if necessary, to deal with routine matters.
- (12) The idea of an organised display of India's important manufactures should be fully developed, and the Indian Stores Department should establish in due course a Central Exhibition of Indian manufactures at a place in New Delhi in charge of an intelligent officer of the department.

#### Conclusion.

58. We regret that our colleagues Messrs. Jaggannath Aggarwal and S. C. Lyttelton were not able to be present, during the concluding stages of

our deliberations, as both of them were unavoidably absent out of India. Though they have not signed our final report, they were signatories along with us to our *interim* report of the 12th September 1931 wherein we clearly stated that " we have no hesitation in saying that the abolition of the department will be a serious blow to the development and encouragement of Indian industries ".

G. A. NATESAN.

B. DAS.

A. H. GHUZNAVI.

V. K. ARAVAMUDHA AYANGAR,

*Secretary.*

SIMLA ;

*30th September 1932.*





## APPENDIX 1.

*First interim report of the Stores, Printing and Stationery Sub-Committee, dated the 5th September 1931.*

We have the honour to submit our *interim* report on the possibilities of Retrenchment in the Printing and Stationery Department for communication to the General Committee.

*Proceedings of Sub-Committee.*

2. We first met in Simla on the 28th May 1931 and held three meetings where we decided what reports and information should be supplied by the department. In addition to various published reports we were furnished with an exhaustive memorandum by the Controller of Printing and Stationery in India on the expenditure of the department with eight separate memoranda as its enclosures prepared by the officers in charge of the Calcutta, Delhi, Aligarh and Simla Presses, the Central Stationery Office, the Central Publication Branch, the Forms Press and Store and the Central Printing Office. Besides furnishing the memorandum the Controller met us at Calcutta where we held three meetings in July (23rd, 25th and 27th), inspected the local offices and examined the local officers. We again met the Controller in Delhi on the 28th August and continued our examination of both the Manager of the Delhi Press and himself. As a suggestion had been made that there was no necessity for two Presses so near each other as Delhi and Aligarh, we completed our enquiry by inspecting the Aligarh Press accompanied by the Controller and the Manager, Delhi Press. We then adjourned to Simla (31st August), inspected the Simla Press on the 1st September and then discussed the recommendations to be included in the *interim* report.

*Acknowledgments.*

3. We desire to record our appreciation of the help rendered to us during the progress of our enquiry by the officers of the department and our thanks are due to Mr. C. T. Letton, the Controller, for the manner in which he placed himself entirely at the disposal of the Committee and thereby considerably lightened our task.

*Some general observations.*

4. Our recommendations in this report are based on a general survey of the expenditure of the department. We have not attempted a detailed examination of, say, whether the industrial establishment employed is more than adequate for the plant or whether the plant is worked at the maximum efficiency and minimum cost, as firstly such examination cannot be undertaken within the short time at our disposal and secondly it could only be done efficiently by technical experts.

Further, we have not attempted an examination of the policy underlying the maintenance of so many Presses under direct Government supervision and whether it would not be more economical to have the work of paying departments done entirely by outside agency leaving work of non-paying departments and work of a confidential nature only to be done by Government Presses. But this should form the subject of a subsequent enquiry.

5. We should like to make another general observation. The value of a Committee like ours, largely consists in making the department hold a searching internal examination in order to justify all items of expenditure before a committee which cannot be expected to take a wholly departmental view of many things. As a result of such examination, the Controller has been able to suggest considerable economies in advance of our recommendations, as the following figures show :—

*Gross expenditure of the department.*

				Rs.
Original budget grant, 1931-32.. .. .				1,12,08,000
Reduced grant proposed by the Controller, 1931-32 .. .. .				1,01,72,900
<i>Recoveries.</i>				<i>Modified by Controller.</i>
				Rs.
				Rs.
(a) Posts and Telegraphs	..	..	23,67,000	21,42,000
(b) Railways	..	..	10,96,000	9,96,000
(c) Military	..	..	13,90,000	13,15,000
(d) Others	..	..	26,000	26,000
(e) Local Governments, etc. (taken as revenue)			34,00,000*	34,00,000*
<b>Total</b> .. .. .				<b>78,79,000</b>

*Expenditure of the department (net).*

				Rs.
1913-14	..	..	..	14,00,726
1931-32 (Budget)	..	..	..	29,29,000
1931-32 (revised by the Controller)	..	..	..	22,93,900

The figures for 1931-32 as reduced by the Controller require some explanation in order to enable the General Committee to appreciate the present position properly. The annual expenditure of the department includes since 1926-27 certain carryovers from previous years and after a thorough examination of the figures, the Controller has come to the conclusion that if the huge carryover of Rs. 12 lakhs from 1930-31 were paid in the current year, there will only be a normal annual carryover of Rs. 2 lakhs in future. The matter has been fully dealt with on pages 29 and 30 of the Controller's memorandum which has been circulated to members of the General Committee. If the necessary adjustments were made in the figure of Rs. 22.94 lakhs on account of these carryovers, the reduced grant for 1931-32 would stand at Rs. 12,97,900 a figure which compares very favourably with the pre-war scale of expenditure on the department. This result is mainly achieved by the transfer to the paying departments of the major portion of the gross expenditure incurred and shows that we should not expect any further major economies in the Printing and Stationery department and that for these one should go to the big consuming departments such as the Railways, the Military and the Posts and Telegraphs departments.

\* The Controller has taken this as Rs. 34,50,000.

*Our recommendations.*

6. There are certain matters in regard to which we have come to definite conclusions, while there are others which call for further examination and in regard to which our recommendations can only be provisional. We clearly distinguish below these two classes of recommendations :—

(a) *Headquarters office (Delhi) and Central Printing office (Delhi).*—These two offices have recently been amalgamated. The superior staff consists of the Controller, a Deputy Controller and two Assistant Controllers. We examined the Controller on the necessity of four officers and we were informed that so long as one of the officers was required to move up to Simla with the Government of India, it would not be possible to effect any reduction in the number of officers. We found as a result of our examination of the Assistant Controller in Simla that the regulation of the flow of work from the departments of the Government in Simla does not occupy much of his time and that to keep him fully engaged work connected with the administration of the department and other matters comes to him from Delhi. We are unanimously of the opinion that if the Manager of the Simla Press is given discretion to undertake for the offices in Simla work of an immediate character which could not be sent to Delhi (to the Clearing Section of the Headquarters office) and if these offices were required to send as usual to the Central Clearing Section their other work, it would not be necessary for an Assistant Controller to move with a complement of staff to Simla every year. We realise that for carrying out this measure, the full co-operation of the departments sending work to the Press would be required and that suitable arrangements should be made for carrying on the work of the Central Duplicating Section which is now under the control of the Assistant Controller. The Section could be shifted to the Simla Press or if that were found inconvenient by the departments, it could be attached to one of the departments of the Government of India, say, the Industries and Labour Department, which could arrange for the duplicating work of other departments. We cannot believe that this will in any way add to the responsibility of the Industries and Labour Department, if definite instructions are issued regarding the classes of work which can be sent to the duplicating section. This section consists of a typesetter and two Gestetner attendants and we recommend that leaving this section, the rest of the Assistant Controller's staff and the Assistant Controller may be permanently located in Delhi. Our view is fortified by the suggestion which has already been made by the Controller for reducing the strength of the staff moving up to Simla in future and which has been accepted by the Government. The present cost of the move of the Central Duplicating and Printing Clearing Section is Rs. 6,000 annually and our recommendation will give a saving of an amount slightly less than Rs. 6,000 per annum.

From the recommendation made above follows the next recommendation we have to make, namely, the abolition of the post of Deputy Controller at Headquarters (Delhi). We consider that four officers at headquarters are really too many and we are unanimously of the opinion that in view of the amalgamation of the office of the Controller of Printing and Stationery and the Printing Clearing Office, as an immediate act of retrenchment, the

appointment of Deputy Controller at Delhi should be done away with. The number of Chaprasis can in consequence be reduced. The Controller preferred to retain the appointment of Deputy Controller and abolish one of the two posts of Assistant Controllers as an officer of the rank of Deputy Controller was required to deputize for him during his absence on tour. He also suggested that if one of the appointments of Assistant Controller was abolished, a post of Assistant on the usual rate of pay, namely, Rs. 120—8—160—10—350 should be created. We consider that an Assistant Controller will be able to deputize for the Controller as well as a Deputy Controller and in fact, we heard no complaint that the Assistant Controller at Simla was not either efficient or independent. As regards the additional appointment, we think that when the present staff of one Superintendent, and five clerks which moves to Simla is permanently located at Delhi, the need for the extra appointment will not be felt. Our recommendation will mean a saving of nearly Rs. 14,000 per annum on the average. In our opinion, a further saving should be effected by a reduction in the staff rendered possible by the stoppage of the move to Simla.

We have considered the question as to which should be the headquarters of the Controller. It has been suggested that Calcutta should be the Headquarters as a major portion of the expenditure of the department is incurred in Calcutta and that, at any rate, his move to Simla for three months in the year should be abolished. In view of our objective to have the Delhi Press as the main press of the Government of India, a point which we deal with more fully later on, we do not approve of the headquarters of the Controller being transferred to Calcutta. We recommend that the Headquarters be fixed permanently at Delhi and that the Controller should not be required to move to Simla for any fixed period during the stay of Government at Simla, though we have no objection to the Controller or his assistant being called to Simla occasionally by the Industries and Labour Department in accordance with exigencies of public service. We contemplate that the Controller though stationed in Delhi should make the necessary tours in which among others the inspection of the Calcutta offices should form a chief item.

(b) *Calcutta Main Press at Hastings Street.*—We have come to the provisional conclusion that it will be to the ultimate advantage of the Government and the tax-payer if the printing work of the Government of India were chiefly concentrated at one place, New Delhi, and if the machinery and staff at Calcutta Press were gradually reduced to meet the requirements of only Central Government offices at Calcutta. This would make it possible for the reduced Press at Calcutta being housed along with the Forms Press and Store at Dhurrumtolla and the valuable Hastings Street buildings being released for better utilization to the great financial advantage of Government. Further our proposal would enable the Delhi Press to cope with the heavy work at budget time, save overtime charges and also comply satisfactorily with the provisions of the Factory Act. We may add that it is the experience of some of us, which is also confirmed by the Controller, that old Press machinery can be sold at much above book values and that we therefore contemplate that some portion of the machinery at the Calcutta Press may be sold in Calcutta instead of being

freighted to Delhi, thus reducing to some extent the cost of the transfer. We are asking the Controller to prepare for us a statement of the financial effect of our proposal, including the capital cost of the extension of the Delhi Press buildings, which we find is adapted for considerable expansion, and the cost of additional buildings for providing residential accommodation for the staff. We desire in this connection to point out that in regard to quarters for workmen as much as 50 per cent. saving may be effected if a different type of building suited to the needs of workmen be adopted. We shall make a further report on this point later.

We observe that a sum of Rs. 28,000 per annum is spent on making blocks and colour printing by outside Presses for the Archæological and Agricultural Departments in connection with various reports of those departments. We consider that considerable economies could be obtained in this item of expenditure if the departments concerned were made to pay the cost and we accordingly recommend that the item be transferred from the Printing and Stationery budget to the budgets of the departments for which the expenditure is incurred.

(c) *Forms Press and Store.*—We are unanimously of the opinion that the work done by the Deputy Controller of Forms might equally efficiently be done by a lowest grade Manager as suggested by Mr. Ascoli in his letter to the Government of India, No. 16, dated the 26th June 1925. Mr. Letton has suggested a pay of Rs. 600—40—800 for second grade Managers and the Manager, Central Publication Branch in future and subject to any changes in the scale as a result of examination of pay and allowances generally by the General Purposes Sub-Committee, we accept the scale of Rs. 600—40—800 for the officer-in-charge of the Forms Press and Store. This will mean a saving of Rs. 5,640 per annum on the average. When our proposal to reduce the size of the Hastings Street Press and remove it to Dhurrumtolla is carried out, we think that further savings can be effected by readjusting the superior staff.

We observe that the work of printing Posts and Telegraphs forms for the northern circles is being done at the Aligarh Press and that the printing work on similar forms required by other circles is let out on contract by the Forms Press and Store at Calcutta. The Army Department forms and other stock and standard forms required for Government departments are printed at the Forms Press assisted by the Hastings Street Press. Subject to what is stated below, we approve of the existing arrangements generally.

We consider that the tender system now in force is defective in that the period of contract which is fixed as 3 years does not give the contractors an opportunity to effect economies and quote sufficiently low rates to the Government. We therefore recommend that the period of contract be longer and the suggestions made by us in regard to the advertisement, receipt, opening and acceptance of tenders for stationery be followed in the case of tenders for printing work also. We further recommend that in order to induce a large number of contractors to tender, efforts should be made to split up contracts as far as possible.

We understand that tenders for tag labels, hitherto included in the printing contract, have been separately called for as these are properly included under

articles of stationery. We approve of this procedure which is anticipated to yield a saving of Rs. 20,000 to Rs. 30,000 per annum. We however recommend that in dealing with the tenders which have been called for simultaneously in England and India, effect be given to our recommendation under the heading 'Central Stationery Office' regarding price preference for Indian articles and that if satisfactory tenders are not forthcoming, the question of producing them at the Aligarh Press where they are now made for the Northern Circle be considered, especially as the Aligarh Press does not appear to be working to its full capacity.

In view of our proposal to reduce gradually the Hastings Street Press, the Controller considers that the time has come for trying again to give out Army forms work to contractors. Apart from the question of transferring a major portion of the Calcutta Press to Delhi, we consider that if the contract period were sufficiently extended and tenders were again invited for printing of Army forms, satisfactory tenders would be forthcoming. We recommend that this may be done.

(d) *Aligarh Press*.—After inspecting the Aligarh Press we have come to the conclusion that the Aligarh Press should be retained and that the printing of forms work now done at the Calcutta Presses should be transferred to Aligarh. We feel that the Aligarh Press ought to be made to work to its full capacity. This would enable the Government to make the most economical use of the machinery and also effect some saving in printing charges.

We heard a complaint at the time of our inspection that the electric charges of the Press are excessive and were informed that if the electric plant installed at the Press were sold and current taken from the local Electric Company, considerable saving in expenditure which may be as much as Rs. 30,000 per annum could be effected, even after allowing for the erection of a conversion plant at a capital cost of about Rs. 12,000. We discussed the matter with Mr. Pitkeathly, the Chief Controller of Stores and Mr. Khan, Deputy Director of Inspection. We recommend that the question of shutting down the existing electrical generating plant in the Aligarh Press and taking a supply of electrical energy from the Aligarh Electrical Supply Company be examined with the utmost expedition and if it is found that the supply of energy can be obtained from the Aligarh Supply Company at rates which will be economical to Government after taking into consideration the possible difficulties and loss which may be encountered in disposing of the generating plant in the Press, early arrangements should be made to open up negotiations with the Company. Otherwise the existing arrangements should be continued and the negotiations with the Company should be dropped.

(e) *Central Publication Branch, Calcutta*.—We are satisfied that on account of over-crowding of this Branch at the Calcutta Press (Hastings Street), stock taking is rendered impossible and additions to staff will become imperative. We recommend that the Branch be removed to the Press quarters in Old Delhi recently vacated by the Delhi Press. This would enable the staff to be better utilized and thus obviate any additions to staff. Further the portion of the Hastings Street buildings vacated by the Central Publication Branch may

be utilised by other Central Government offices at Calcutta. We have requested the Controller to supply us with a statement showing the financial effect of our proposal and we shall make a further report on this point.

We may add that if the Central Publication Branch were removed to Delhi, the small publishing branch at the New Delhi Press with its complement of staff might be transferred to the Central Publication Branch. In that case, about 1,000 square feet of space would be released at the New Delhi Press which might accommodate any new machinery purchased or transferred from other Presses. Further the amalgamation of the publishing branch of the Delhi Press with the Central Publication Branch might make a small portion of the clerical staff superfluous. We recommend that this question be considered by the Government in consultation with the Controller.

During our inspection of the Store of the Central Publication Branch at Hastings Street and also of the Forms Store at Dhurumtolla we were surprised to find large stock of Army forms and publications which are of absolutely no use hereafter and which were ear-marked for being destroyed. We feel it our duty to bring this to the notice of the Army Department.

We also found that a large stock of several of the publications of Government was lying unsold. We suggest that a list of such publications at reduced prices be made and advertised as widely as possible.

(f) *Central Stationery Office, Calcutta.*—It is a matter for regret that a large sum (which was Rs. 12 lakhs in the last year) has been allowed to be carried over from year to year and that the figures of 1931-32 are swollen by this large carryover. We are glad to note that this matter has been the subject of careful consideration by the Controller and that the carryover in future will not be allowed normally to exceed Rs. 2 lakhs. This matter should be carefully watched by Government.

We are not quite satisfied with the existing procedure followed in the Stationery Office in dealing with tenders for paper and other articles of stationery. The tenders are not opened publicly and though the orders of the Controller are taken in the matter of accepting tenders, we think there is considerable room for improvement of the existing procedure. The advantages of improving and perfecting the machinery cannot be measured in rupees, annas and pies, but we are absolutely convinced that the removal of any defects in the machinery is bound to be of ultimate benefit to the tax-payer. We accordingly recommend that—

- (1) tenders should be widely advertised ;
- (2) sufficient interval should be allowed between the date of advertisement and the date of application ;
- (3) applications should be made by tenderers in sealed covers which should be opened publicly at the appointed time ; and the rates read to all the contractors or their agents present ;
- (4) with regard to tenders for supplies of articles or for work of a value exceeding Rs. 10,000, the Controller should be assisted in dealing with the tenders by a committee of two members, one an official and the other a non-official ; and

- (5) in the case of purchases by a system of simultaneous tenders in India and England a price preference of a prescribed percentage should be given to articles of Indian manufacture.

We feel certain that if the procedure we have suggested above be followed, it is bound ultimately to result in considerable financial advantage to the Government—not to mention the confidence which will be engendered in the minds of all contractors.

We find from the Table on page 23 of the Controller's memorandum that the value of stationery stores in stock at the end of March 1931 was about Rs. 15 lakhs and that it is hoped in the near future to reduce the balance to Rs. 13 lakhs. It is stated that the stock at the close of the year is at present fixed as not to exceed 3 months' supply. In view of the fact that of total purchases amounting to Rs. 62½ lakhs in 1930-31, about Rs. 59 lakhs were purchased in India, we are of the opinion that it is not necessary to have a three months' supply in stock and that the stock can be reduced further. We are taking up the matter with the Controller and shall make a further report on this point.

We observe that some saving in expenditure on articles of stationery, etc., can be effected if the departments of the Government of India and the offices subordinate to them were compelled to use articles which have been tested and found satisfactory by the Central Stationery Office without insisting on any particular make of articles. We invite a reference in this connection to paragraph 44 (b) of the printed proceedings of our sixth meeting at Calcutta wherein we have mentioned the case of one Railway administration insisting on the supply of a particular kind of tracing cloth and rejecting the supply of an equally efficient and less costly kind of cloth which had been found entirely satisfactory by another Railway administration. We recommend that strict and definite instructions be issued in this matter and departments be asked to co-operate with the Printing and Stationery department in reducing expenditure by accepting the supplies made by the latter department. We note that for various official and demi-official communications, different kinds of very costly paper is being used. We are strongly of opinion that considerable saving could be effected if a uniform kind of cheaper paper and envelopes were adopted. We find that this matter has already engaged the attention of both the Finance and the Industries and Labour Departments and our recommendation should therefore be easily accepted by all departments of Government.

During our inspection of the Central Stationery Office, we found that a surplus quantity of binding cloth, graph paper and flat duplicators obtained for the Army valued at Rs. 1·10 lakhs was lying unused for a long time and that it could be disposed of to other departments if the price were reduced. We recommend that a careful examination of all articles lying unused be made and steps be taken to utilize them as quickly as possible by adjustment of their prices with the sanction of the competent authority.

Our attention was drawn to the fact that the Publicity Officers of Railways do not purchase from the Stationery Office their requirements of printing paper for work produced for them at private presses. We recommend that the question be examined by the Government and that steps be taken to ensure



that all departments of the Government of India and offices subordinate to them obtain the benefit of the cheap rates secured by the Stationery Office by centralization of purchases.

(g) *Some general remarks about printing work.*—We have gone carefully into the question of paying overtime in the Government of India Presses and obtained information of amounts paid, the rate for calculation of overtime and the causes leading to overtime employment. We appreciate that the regular flow of work to the Presses ensured by the establishment of the Central Printing Clearing Section at headquarters prevents any avoidable overtime payments that might have been made in the past. The Controller has reported that the staff at present employed at the Presses is insufficient to cope with the quantity of work received and the expedition with which it is required and that the staffs have reached the stage where further retrenchment is impossible unless there is a substantial reduction in the amount of work sent by departments and unless what seems to be the general practice of marking requisitions as immediate and urgent, timed either to the day or the hour, is given up. We may add that one flagrant case was brought to our notice where a Report of over 600 foolscap pages was marked urgent by one department and 300 copies were called for within a week, though the department was satisfied with the supply of copies a week later. We have discussed the matter fully with the Controller and with the Managers of Presses, and we make the following recommendations :—

- (1) Heads of departments should give strict instructions to the officers under them that the amount of printing work sent to the Presses should be minimized as far as possible ;
- (2) no work sent to the Press should be marked urgent or immediate without the sanction of a competent authority ;
- (3) absolutely clean copy should be sent to the Press ;
- (4) where the Central Printing Clearing Section, or the Manager, Simla Press in cases of work received direct, considers that any of the above conditions have not been fulfilled, they should have the necessary authority to bring the matter to the notice of the head of the department concerned, who should give the matter his most serious consideration.

While recognising that efforts have been made to standardize forms as a means of economy we deem it necessary to state on the authority of some of the Managers of Presses that there is considerable room for further standardization and the Central Printing Office should continue to give further attention to this matter.

In view of the general trend of our recommendations, the Industries and Labour Department should keep a strict watch on further purchase of plant and machinery for extensions of the Government of India Presses.

(h) *Pay and allowances.*—As regards pay and allowances we are following the special procedure laid down by the General Committee and making a separate report to the General Purposes Sub-Committee. We may in this connection point out that even if the revised scales for the superior staff proposed by the Controller in Table B of his memorandum were adopted there would be an

ultimate annual recurring saving in expenditure of as much as Rs. 25,000. There would similarly be a saving of Rs. 25,000 per annum if the Controller's proposals regarding the scales of pay for the establishment at the headquarters office at Delhi be accepted.

*Certain special enquiries.*

7. We are also making certain special enquiries regarding particular matters, such as the comparative cost of Forms printing at Government Presses and at Contractors' Presses, the necessity for some of the smaller Presses, Indianisation of the staff, reduction of stores balances, etc., and if as a result of our enquiries any proposals for economy emerge, we shall include them in our final report.

*Communications to other sub-committees.*

8. We have drawn the attention of the Railway Sub-Committee to the following points that came to our notice in the course of our enquiry :—

- (1) Printing work given by Publicity officers to outside Presses in India and abroad ;
- (2) indent for machinery valued at Rs. 42,000 for the small E. B. Railway Press (we are informed that this matter will be considered by the Railway Board) ;
- (3) the unreasonable attitude of some of the Railway administrations in regard to articles supplied by the Printing and Stationery Department.

We have written to the Secretary, Public Works and Audit Sub-Committee suggesting that the question whether the Government of India buildings at Calcutta are utilized to the fullest advantage of Government might be examined.

We have also brought to the notice of the Postal Sub-Committee the large amount of expenditure on Postal and Telegraph forms.

9. We may now summarise the financial effect of our recommendations.

	In thousands of
	Rs.
(1) Savings proposed to be effected by the Controller himself ..	6,36
(2) Stoppage of the move of Assistant Controller and his staff to Simla. ..	6
(3) Abolition of the post of Deputy Controller at Delhi ..	14
(4) Substitution of the appointment of Deputy Controller of Forms at Dhurrumtolla by the appointment of a second grade Manager.	6
(5) Savings assumed by the Controller in the purchase of tag labels	20 to 30
	<hr/>
	6,82 to 6,92
	<hr/>

The figures of Rs. 6,82,000 to Rs. 6,92,000 does not include the possible savings that will be effected if the recommendations regarding cut in salaries which we are separately making to the General Purposes Sub-Committee be adopted, nor does it include the savings in the amounts payable to contractors for printing Posts and Telegraphs forms on account of the rates under the new contract being 40 per cent. cheaper than the old rates. We need not mention once again the savings which cannot immediately be measured in rupees, annas and pies but which will ultimately be effected by the adoption of our other recommendations, chiefly those regarding centralization of all printing work at New Delhi, improvement of the existing method of receiving and accepting tenders including the appointment of a tender committee, reduction in payments made for overtime work and the adoption of cheap uniform paper and envelopes for all Government offices.



## APPENDIX II.

*Second interim report of the Stores, Printing and Stationery Sub-Committee, dated the 11th September 1931.*

Having read the memoranda received from the various Chambers of Commerce and other public bodies and also from individual witnesses, having read also the pamphlet "The Indian Stores Department and assistance to Indian industries" furnished to the Committee by the Chief Controller, having examined the Deputy Director of Administration and Intelligence and the Audit Officer, Indian Stores Department and having discussed with the Chief Controller certain immediate retrenchments in the superior and clerical staffs in the Department which could be effected, the Committee recommend that the following reductions should be made forthwith :—

- (1) The appointment of Director of Purchase (headquarters) should be held in abeyance.
- (2) The appointments of Assistant Director of Purchase (Textile) and Assistant Director of Purchase (Engineering) should be abolished.
- (3) The appointments of Assistant Controllers of Purchase at Karachi and at Bombay should be held in abeyance.
- (4) The appointment of Controller of Inspection, Bombay Circle, should be converted into an appointment of Assistant Controller of Inspection.
- (5) The appointment of Assistant Controller of Inspection, Upper India Circle, should be abolished and one of the Assistant Engineers should be given a charge allowance of Rs. 100 per mensem.
- (6) The present charge allowance of Rs. 150 given to the Inspector in charge of the Cawnpore Branch should be reduced to Rs. 100.

As a result of recommendations Nos. 4 and 5, a saving should be effected in motor car and other allowances.

2. Small orders under Rs. 250 should not be sent to the Indian Stores Department except in the following cases :—

- (a) Articles for which the Indian Stores Department have rate of running contracts ;
- (b) Articles of a special or unusual character which indenting officers find difficulty in purchasing themselves ; and
- (c) Articles required by indenting officers situated in localities where there are no facilities for purchasing.

As a result of this proposal, appointments of 2 Inspectors, 8 Examiners, 22 clerks (Purchase Branch) and 24 clerks (Inspection Branch) should be abolished.

The Audit Officer, Indian Stores Department admitted that if the proposal to eliminate petty orders were accepted, there would be a saving of Rs. 50,000 per annum in the Audit grant.

3. The Committee is of opinion that the headquarters of the Department should be permanently located at Delhi. This recommendation does not mean that the Chief Controller of Stores or any of his Assistants should not be called to Simla when required, if the Government continued to move between Delhi and Simla and if the presence of the Chief Controller or his Assistants was necessary in the interests of public service. As a result of the permanent location of the office at Delhi, there would be an immediate saving of Rs. 40,000 per annum, *vide* paragraph 22 of Mr. Pitkeathly's note of 8th May 1931 already circulated. As a further result of the gradual replacement of the existing members of the clerical establishment by local men recruited on lower rates of pay, there would be an ultimate additional saving of Rs. 60,000 per annum.

4. In view of the request made by Sir George Schuster to the Chairman of the Committee for a note in regard to the savings that could be immediately effected in the expenditure of the Indian Stores Department, the Secretary was requested to communicate the above minutes to the Secretary, Retrenchment Advisory Committee.

5. The Committee made these recommendations subject to further and fuller investigation of the question of retaining the Indian Stores Department under present conditions of substantially modifying of the scope of the Department.

6. The total financial effect of these recommendations is summarize below :—

	Rs.	Rs.
1. Director of Purchase .. .. .	12 × 2,253 =	27,036
2. Assistant Director of Purchase (Engineering) .. .. .	12 × 1,169 =	14,028
	(a) C. P. F.	877
3. Assistant Director of Purchase (Textiles) .. .. .	12 × 1,169 =	14,028
	(a) C. P. F.	877
4. Assistant Controller of Purchase, Karachi .. .. .	12 × 876 =	10,512
	Allowances	525
5. Assistant Controller of Purchase, Bombay .. .. .	12 × 876 =	10,512
	Allowances	2,550
	(a) C. P. F.	657
6. Reduction of staff on account of abolition of petty purchases .. (b)		1,10,000
7. Conversion of the appointment of Controller of Inspection into that of an Assistant Controller of inspection.		
8. Conversion of Assistant Controller of Inspection, Lahore, into an Inspector with a charge allowance of Rs. 100 per mensem.		
9. Reduction of charge allowance of Cawnpore Inspector from Rs. 150 to Rs. 100.		
10. Reduction in motor car and other allowances .. .. .		
11. Permanent location of the office of the Chief Controller at Delhi—		
immediately .. .. .		40,000
<i>plus</i> ultimately (additional) .. .. .		60,000
<b>Total</b>	<b>Rs. 2,53,102 to Rs. 3,13,102</b>	

(a) Contributory Provident Fund.

(b) Includes a saving of 4,000 under contingencies.

## Enclosure 1.

## Note by Mr. B. Das.

In adding my signature to these halting and inadequately small measures of retrenchment in the Indian Stores Department, I do not wish to be misunderstood by the Legislative Assembly that I am for the continuity of the Department. In times of national crisis, any small measure of economy in an *interim* report, therefore, must meet my approval.

The Public Accounts Committee from year to year kept close scrutiny on the activities of the Indian Stores Department and felt convinced that the Department has failed in its objective. In 1929 the Public Accounts Committee definitely recommended to the Government of India as follows :—

“ We wish therefore to record a recommendation that if the Government are satisfied that the department is so organised that it is capable of purchasing stores with efficiency (as regards testing quality, etc.), and economy, on a standard comparable to that attained by the departments when purchasing on their own account, then the Government should issue orders that all stores (other than stores of a special technical nature) required by any Government Department should in future be purchased through the Indian Stores Department; and that if the Government are not so satisfied then they should appoint a Committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department.”

The Public Accounts Committee has all along insisted that the Indian Stores Department must be self-supporting. The weighty recommendations quoted above, have not been given effect to, so far, nor have the Government of India come to any definite decision, about their store purchase policy. On the other hand, the Government of India in the Industries and Labour Department addressed a letter to the members of the Stores Retrenchment Committee stating that the Government of India (in all their Departments) propose to suspend the formulation of their views and intentions about their store purchase policy until they receive the advice of the Retrenchment Advisory Committee. These are well-known dilatory tactics. This is nothing but turning the table on the Legislature, a statutory committee of which, namely, the Public Accounts Committee has all along insisted, since 1926, that the Government of India should adopt definite store purchase policy and should see that the Indian Stores Department becomes self-supporting.

The Stores Purchase Committee of 1920 in recommending the organisation of the Indian Stores Department definitely laid down three great principles. These are :—

- (1) Centralisation of purchase of all stores of the Government of India through one Department—the Indian Stores Department and the abolition of the Stores Department in London :

- (2) Encouragement of Indian industries by the purchase of supplies required for the public services so far as possible in the country itself by purchase of articles of Indian origin ; and
- (3) Preference to the employment of statutory natives of India as officers and staff of Indian Stores Department.

I have kept close scrutiny over the activities of the Indian Stores Department since I became a member of Assembly in 1924 and I feel it has failed all along to appreciate these underlying principles that would have governed its actions. I am still of the same opinion, as I have been all along in the Public Accounts Committee, that the Indian Stores Department cannot be a self-supporting department and therefore it is best to abolish it, unless the Government of India reach definite decisions in line with the recommendations of the Stores Purchase Committee regarding their Stores Purchase policy. This, I am afraid, the Government of India are not in a position to do owing to conflicting interests and inter-departmental jealousies.

I think my colleagues in the Committee feel that they will be able to influence the Government of India to reach definite conclusions in their stores purchase policy and they anticipate that their recommendations in their final report should be given effect to. I am firmly of opinion that my colleagues will be disillusioned in the end. However to give my colleagues a chance to re-construct the Indian Stores Department on real national lines I sign this *interim* report. I will go with them in the final report if they satisfy me, from definite information obtained from the Government of India, that the Indian Stores Department will be self-supporting at least and it will not land the taxpayers into an annual loss of Rs. 6,85,000 (in 1929-30) now reduced by Rs. 2 lakhs and 50 thousand if the recommendations of this *interim* report are given effect to by the Government of India.

Enclosure 2.

#### **Note by chairman and the other members excluding Mr. Das.**

A perusal of the *ad interim* recommendations of the Committee will clearly show that Mr. Das has not correctly stated the views of the majority of the Committee. The Committee has yet to examine the representatives of the various departments of Government as to their attitude towards the Indian Stores Department and also the Chief Controller of Stores and the respective heads of the organisations in the provinces as to further retrenchments that it may be possible to effect. If the Indian Stores Department is not to be saddled with the annual loss incurred by the Alipore Test House and if our recommendations regarding economies in the Department are carried out, it will be seen that the Indian Stores Department can continue to work without any appreciable loss. But even if the Department has to meet a small deficit, we have no hesitation in saying that the abolition of the department will be a serious blow to the development and encouragement of Indian industries.

## APPENDIX III.

## LIST OF WITNESSES WHO FURNISHED WRITTEN MEMORANDA.

A.—*Chambers of Commerce, business firms and other Associations.*

1. The Murarka Paint and Varnish Works, Ltd., Calcutta.
2. Chittagong Chamber of Commerce, Chittagong.
3. Delhi Piece-goods Association, Delhi.
4. Inderman, Lahore.
5. The Punjab Chamber of Commerce, Delhi.
6. The Employers' Federation of Southern India, Madras.
7. The Buyers' & Shippers' Chamber, Karachi.
8. Burma Chamber of Commerce, Rangoon.
9. The Karachi Chamber of Commerce, Karachi.
10. Calcutta Import Trade Association, Calcutta.
11. Gwalior Chamber of Commerce, Lashkar.
12. The Southern India Chamber of Commerce, Madras.
13. Calcutta Trades' Association, Calcutta.
14. Maharashtra Chamber of Commerce, Bombay.
15. The Chamber of Commerce, Bombay.
16. The National Dye & Waterproof Works, Ltd., Tollygunge.
17. The Madras Chamber of Commerce, Madras.
18. Wright Pinhorn & Partners, Ltd., Simla.
19. B. R. Herman & Mohatta, Ltd., Karachi.
20. Cocanada Chamber of Commerce, Cocanada.
21. Rangoon Trades' Association, Rangoon.
22. Cowasjee & Sons, Karachi.
23. Calicut Chamber of Commerce, Calicut.
24. The Marwadi Chamber of Commerce, Ltd., Bombay.
25. The Northern India Chamber of Commerce, Lahore.
26. Indian Chamber of Commerce, Calcutta.
27. The Marwari Association, Calcutta.
28. Bengal Chamber of Commerce, Calcutta.
29. The Bombay Shareholders' Association, Bombay.
30. Bombay Piece-goods Native Merchants' Association, Bombay.
31. D. Sasson & Co., Ltd., Bombay.
32. The Burma Indian Chamber of Commerce, Rangoon.



33. The Behar and Orissa Chamber of Commerce, Patna.
34. Upper India Chamber of Commerce, Cawnpore.
35. Bird & Co., Lahore.
36. Alfred Herbert (India), Ltd., Calcutta.
37. A. & J. Main & Co., Ltd., Calcutta.
38. The East India Carpet Company, Limited, Amritsar.
39. The Elgin Mills Co., Ltd., Cawnpore.
40. International General Electric Company, Bombay.
41. W. T. Henley's Telegraph Works Company, Ltd., Calcutta.
42. Angus Engineering Works, Angus (Bengal).
43. F. Harley & Co., Calcutta.
44. John Fleming & Co., Ltd., Bombay.
45. Birkmyre Bros., Calcutta.
46. Britannia Building & Iron Co., Ltd., Calcutta.
47. Howrah Oil Mills Company, Limited, Calcutta.
48. Greaves Cotton & Co., Ltd., Bombay.
49. Symington Cox & Co., Ltd., Bombay.
50. P. Mukerjee & Co., Ltd., Delhi.
51. The Indian Hume Pipe Co., Ltd., Bombay.
52. The Bangalore Woollen Cotton & Silk Mills Co., Ltd., Bangalore.
53. Silvertown Lubricants (India), Limited.
54. The Sir Shapurji Broacha Mills, Ltd., Bombay.
55. The Crittall Manufacturing Co. (India), Ltd., Bombay.
56. Standard Telephones & Cables, Limited, Calcutta.
57. The Buckingham & Carnatic Company, Limited, Madras.
58. The General Electric Trading Co., Karachi.
59. Bitumuls (India), Ltd., Calcutta.
60. Callender's Cable & Construction Co., Ltd., Bombay.
61. Heatly & Gresham, Limited, Calcutta.
62. Plummer Bros., & Co., Calcutta.
63. Jardine Skinner & Co., Calcutta.
64. William Jacks & Co., Karachi.
65. The Industrial Factory and Lock Works, Aligarh.
66. J. H. Johnson & Co., Aligarh.
67. Stewarts and Lloyds, Limited, Calcutta.
68. The Sirdar Carbonic Gas Co., Ltd., Bombay.

69. The Solem Hardware Mart, Bombay.
70. Napier Paint Works, Calcutta,
71. Best & Company, Limited, Madras.
72. Pohoomull Brothers, Karachi.
73. The " Sparling " Patent Lock Works, Aligarh.
74. The Standard Oil Company of New York, Calcutta.
75. The General Engineering Supply & Utility Co., Lahore.
76. The Tata Oil Mills Company, Limited, Bombay.
77. Jessop & Co., Ltd., Calcutta.
78. The North West Soap Company, Ltd., Calcutta.
79. The Dharamsi Morarji Chemical Co., Ltd., Bombay.
80. Sulzer Brothers, Calcutta.
81. The C. P. Cement Company, Limited, Bombay.
82. Tata Sons, Ltd. (Mills Department), Bombay.
83. Arnold & Co., Ltd., Bombay.
84. Calcutta Mineral Supply Co., Ltd., Calcutta.
85. Clark & Greig, Limited, Rangoon.
86. The Indian Aluminium Co., Ltd., Madras.
87. Godrej & Boyce Manufacturing Co., Bombay.
88. Bhagwan Dass & Sons, Calcutta.
89. Burn & Co., Limited, Howrah.
90. The Bengal Waterproof Works, Calcutta.
91. Bengal Glass Works, Limited, Calcutta.
92. Killick Nixon & Co., Bombay.
93. G. T. R. Company, Calcutta.
94. The Cement Marketing Company of India, Ltd., Bombay,
95. The New Premier Oil Mills, Cawnpore.
96. Irrawaddy Flotilla Company, Limited.
97. Braithwait & Co. (India), Limited, Calcutta.
98. Road Oils (India), Ltd., Calcutta.
99. The English Electric Company, Limited, Calcutta.
100. Perfect Pottery Company, Ltd., Jubbulpore.
101. Burmah-Shell Oil Storage & Distributing Company of India, Ltd.,  
Calcutta.
102. Marker Goldsteane & Co., Bombay.
103. Nundun Bros. & Co., Calcutta.

104. The Indian Cable Co., Ltd., Calcutta.
105. S. C. Das & Co.
106. The Delhi Cloth & General Mills Co., Ltd., Delhi.
107. Mohamed Ahmed Md. Said, Delhi.
108. C. M. Hadow & Co., Srinagar.
109. Martin & Co., Calcutta.
110. Dey & Co., Calcutta.
111. Chatra Cottage Industrial Works, Calcutta.
112. The Lister Antiseptics & Dressings Co., Ltd., Calcutta.
113. The Crompton Engineering Co. (Madras), Ltd., Madras.
114. The Gourepore Company, Limited, Calcutta.
115. John King & Company, Ltd., Calcutta.
116. Ladakchand Oghaddas Vora, Bombay.
117. The Millowners' Association, Bombay.
118. S. D. D. Gilder & Co., Bombay.
119. The Ahmedabad Manufacturing & Calico Printing Co., Ltd.,  
Ahmedabad.
120. Duncan Stratton & Co., Bombay.
121. J. N. Choudhury & Son, Calcutta.
122. Phillips Electrical Co. (India), Ltd., Calcutta.
123. Osman Chotani & Co., Bombay.
124. Bengal Chemical & Pharmaceutical Works, Ltd., Calcutta.
125. Aberthaw & Bristol Channel Portland Cement Co., Ltd., London.
126. S. Oppenheimer & Co., Ltd., Rangoon.
127. The Diamond Jubilee Lock Factory, Aligarh.
128. The Mysore Iron Works, Bhadravati
129. The Indian Merchants' Chamber, Bombay.
130. The Acme Manufacturing Co., Ltd., Bombay.
131. The Karachi Indian Merchants' Association, Karachi.
132. The Grain Merchants' Association, Bombay.
133. Purison Typewriter & Supply Co., Ludhiana.
134. The Bengal National Chamber of Commerce, Calcutta.

*B.—Other witnesses.*

(1) *Officials—*

1. The Air Officer Commanding, Royal Air Force in India.
2. The Mint Master, Bombay.
3. The Superintending Engineer, P. W. D., Jaipur State.
4. The Master, Security Printing, India, Nasik Road.

5. The Director-General, Indian Medical Service.
6. The Agent, East Indian Railway.
7. The Mint Master, Calcutta.
8. The Secretary to the Chief Commissioner of Coorg.
9. The Flag Officer Commanding the Royal Indian Marine, Bombay.
10. P. N. Mukerjee, Esq., Deputy Chief Accounts Officer, East Indian Railway, Calcutta.
11. The Controller of Printing and Stationery, India, New Delhi.
12. The Agent, North Western Railway, Lahore.
13. The Director of Civil Aviation in India.
14. The Chief Engineer, Central Public Works Department.
15. The Agent, G. I. P. Railway, Bombay.
16. The Chief Engineer, Irrigation Works, Punjab.
17. The Chief Commissioner, North-West Frontier Province
18. The Chief Engineer, Lloyd Barrage and Canals Construction, Karachi.
19. The Secretary, Railway Department (Railway Board).
20. The Engineer-in-Chief, Army Headquarters.
21. The Master General, Ordnance, Army Headquarters.
22. The Quarter Master General, Army Headquarters.
23. The Agent, Burma Railways.
24. The Commissioner, Northern India Salt Revenue.
25. The Secretary to the Government of Bihar and Orissa, Revenue Department.
26. The Superintendent, Government Test House, Alipore.
27. The Director-General, Posts and Telegraphs.
28. The Agent to the Governor General and Chief Commissioner in Baluchistan.
29. J. F. Summersgill, Esq., Assistant Engineer, Indian Stores Department, Bombay.
30. The Audit Officer, Indian Stores Department.
31. The Chief Commissioner, Andaman and Nicobar Islands.
32. The Secretary to the Government of Bombay, Political Department.
33. The Secretary to the Government of Assam, Finance Department.
34. The Secretary to the Government of the United Provinces.
35. The Secretary to the Government of Bengal, Commerce and Marine Departments.

36. The Financial Secretary to Government, Central Provinces.
37. The Secretary to the Government of the Punjab, Finance Department.
38. The Secretary to the Government of Madras, Finance Department.

(2) *Non-officials*—

1. Mr. Biharilal Batra, Calcutta.
2. Mr. A. M. Reith, Bombay.
3. Mr. N. P. Sujan, Metal and Hardware Merchant, Karachi.
4. Lieutenant-Colonel K. M. Kirkhope, C.I.E.
5. Mr. E. A. Currim, Calcutta.
6. L. Lahauri Mall, B.A., Army Contractor, Ludhiana.



## APPENDIX IV.

## LIST OF WITNESSES EXAMINED ORALLY.

1. The Officer in Charge, Government of India Press, Calcutta.
2. The Officer in Charge, Central Publication Branch, Calcutta.
3. The Officer in Charge, Forms Press and Store, Calcutta.
4. The Controller of Printing and Stationery.
5. The Deputy Controller of Stationery.
6. The Superintendent, Alipore Test House.
7. Rai Bahadur J. P. Ganguli, Indian Stores Department.
8. Mr. P. Mohan Rao, Audit Officer, Indian Stores Department.
9. Mr. J. S. Pitkeathly, Chief Controller of Stores.
10. Mr. J. A. Shillidy, I.C.S., M.L.A.
11. Mr. P. N. Mukherji, Deputy Chief Accounts Officer, East Indian Railway.
12. Mr. T. G. Russel, Chief Commissioner, Railways.
13. Mr. (now Sir) A. A. L. Parsons, Financial Commissioner, Railways
14. Mr. Hare-Duke, Deputy Controller of Stores.
15. Lieutenant-Colonel Stagg, R.E., Mint Master, Calcutta.
16. Mr. D. J. Banerjee, of Messrs. Kuver, Limited.
17. Mr. Anderson, of the Burma-Shell Oil Storage and Distributing Company, Limited.
18. Mr. Gahan, Controller of Purchase, Calcutta Circle.
19. Mr. Davy, Controller of Inspection, Indian Stores Department, Calcutta Circle.
20. Mr. A. S. Gillespie, Representative of the Chamber of Commerce, Bombay.
21. Mr. N. B. Saklatwala, C.I.E. }  
 22. Mr. Mather } Representatives of Messrs. Tata  
 Sons, Limited.
23. Mr. Venkatanaranappa, General Manager, Mysore Iron Works, Bhadravati.
24. Mr. A. M. Reith, Merchant of Bombay.
25. Mr. R. S. D'Arcy, Controller of Purchase, Bombay Circle.
26. Mr. B. N. Dutta, Assistant Controller of Inspection.
27. Mr. F. Stones, Representative of the Bombay Millowners' Association.
28. Mr. Jamnadas Mehta }  
 29. Mr. N. M. Mazumdar } Representatives of the Indian Merchants'  
 Chamber, Bombay.
30. Mr. Ramalingam }
31. Mr. J. A. D. Naoroji, Representative of Messrs. Tata Sons, Limited, Agents for the Tata Oil Mills Company, Limited.
32. Major R. Crofton, M.C., R.A., Assistant Director of Artillery.
33. Lieutenant-Colonel A. FitzGerald, O.B.E., I.A.S.C., Officiating Director of Contracts.

## APPENDIX V.

NOTE DATED THE 25TH SEPTEMBER, 1931, BY THE CHIEF CONTROLLER OF STORES IN REGARD TO INDIANIZATION IN THE INDIAN STORES DEPARTMENT.

At the time of its amalgamation with the Stores Department, the Inspection Branch consisted of the Government Test House, to which was attached a staff of Inspectors for the inspection of local manufactures on behalf of Railways in the Calcutta area, and the Metallurgical Inspectorate. It comprised 13 officers, of whom 11 were Europeans and 2 Indians.

The position today is a total staff of 53 technical officers, of whom 30 are Indians and only 23 are Europeans. One of the latter is due to retire on the 1st December 1931 and the question of terminating the services of another is under consideration, leaving a proportion of 30 to 21 in favour of Indians.

It has been possible to obtain this result only by making the utmost efforts to Indianize the Department even with some sacrifice of efficiency.

The technical staff of the Department includes specialists in various branches of engineering. Great difficulty has in some cases been experienced in obtaining suitably qualified Indians. I explain briefly the position in the various branches serially.

(1) *Metallurgists.*

Indians .. .. .	4
Europeans .. .. .	3

Out of a total of five appointments, there was only one Indian in this branch at the time of the constitution of the Department. At present four of the seven Metallurgists are Indians.

The last appointment of an European to this Branch was made in 1925 and all the recruits appointed since then have been Indians. I may here mention that the Government of India, in 1923, sanctioned a scheme for awarding scholarships to young Indians for the purpose of studying metallurgy in Europe. Since this scheme was introduced, four Indian students have been granted scholarships, three of whom have, on the completion of their training, been appointed to superior appointments in the Indian Stores Department. The fourth scholar is still under training.

(2) *Engineer Physicists.*

Indians .. .. .	2
European .. .. .	<i>Nil.</i>

There are two posts in this branch, both of which are now held by Indians.

(3) *Chemists.*

Indians .. .. .	3
European .. .. .	1

This branch has also been entirely Indianized, with the exception of the head of the Government Test House, who is a European and a chemist.

*(4) Electrical Engineers.*

Indians .. .. .	3
European .. .. .	Nil.

*(5) Textile Specialists.*

Indians .. .. .	5
European .. .. .	Nil.

The figures require no comment.

*(6) Mechanical and General Engineers.*

Indians .. .. .	5
Europeans .. .. .	12

*(7) Bridge and Structural Engineers.*

Indians .. .. .	3 plus one probationer.
Europeans .. .. .	3

*(8) Wagon and Rolling Stock Specialists.*

Indians .. .. .	2 plus one probationer.
Europeans .. .. .	3

*(9) Specialists in Foundry Work.*

Indian .. .. .	1
European .. .. .	1

The reason for comparatively small proportion of Indians in sections (6), (7), (8) and (9) is the difficulty in securing Indians possessing a wide theoretical and practical knowledge of these branches of Engineering. At the same time every effort has been made to recruit Indians for these posts whenever possible and no European officer has been recruited without first thoroughly exploring all possibilities of finding suitable Indians with the requisite qualifications.

The procedure is that the Public Service Commission through whom the recruitment is made is specifically instructed to invite applications only from statutory Indians. Then, if it is not found possible to effect recruitment in India owing to the lack of suitable candidates, the High Commissioner for India is instructed to give preference to all Indian applicants who possess the requisite qualifications. In the third place, a scheme has been in operation in the Department during the past four years for the training of Indians for employment in the Inspection Branch of the Department. Two Indians were appointed for this purpose on the recommendation of the Public Service Commission on a three years course. Unfortunately, one of them did not come up to expectation and his services were therefore terminated. He has recently been re-engaged in the subordinate ranks. After satisfactory completion of his training, the second candidate has been appointed to a superior post in the Department. Two other Indian probationers, also selected by the Public Service Commission, are at present under training, one in structural and bridgework and the other in the inspection of wagons.



On the recommendation of the High Commissioner for India, arrangements were made for the provision of facilities for training for an Indian Engineer who applied for one of the vacant posts in the Inspection Branch, but was not considered fully qualified. He has recently completed his training and joined the Department in a superior post as a Bridge and Structural Engineer.

I may add that with a view to enabling Indians to acquire a more advanced and up-to-date knowledge and experience of theoretical and practical engineering and so fit themselves to hold the higher posts in the Inspection Branch of the Department, the Government of India sanctioned the deputation to Europe of an officer of the Department in 1929 and also made arrangements with the High Commissioner to place facilities at his disposal for the acquisition of the knowledge and experience which were required.

It will be observed from what has been stated that every endeavour has been made to recruit Indians for service in the gazetted ranks of the Inspection Branch of the Department, and special facilities have been granted to Indians to fit themselves not only for the lower but for the higher posts in the Department.

